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MAY/JUNE 2000

Global Food Fights

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C. Ford Runge & Benjamin Senauer on Food Security

Peace, Syrian Style

HENRY SIEGMAN

Kosovo Seething

DAVID ROHDE

Saudi Arabia Over a Barrel

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Will Indonesia Survive?

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A Removable Feast
C. Ford Runge and Benjamin Senauer 39

Amid all the fuss over genetically modified food, environmentalists and consumer activists have overlooked a vital challenge for the developing world: food security. As the South's population grows, it will need more food, a more varied and nutritious diet, and better access to the North's markets. Rich countries must do their part by slashing trade barriers to developing countries' goods—especially in agriculture—and spreading the biotechnology revolution to the poorest farmers who need it most. But the debacle in Seattle showed how difficult this quest will be.

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Kosovo is again erupting with ethnic killings. Just who is to blame for the ongoing violence: hard-line extremists or the embittered populace? Western leaders have avoided this central question because they are unhappy with the answer and its implications for their peacekeeping mission. It is time to face reality: Serb and Albanian grievances run deep, NATO troops are stuck in Kosovo for the long haul, and the West must take a stronger hand in governing this battered province.

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Nixon was not the only one who went to China; Ronald McDonald is there now, too. McDonald's triumphed—in a cultural zone where many adults think fried beef patties taste bizarre—by catering to China's pampered only children, the so-called little emperors and empresses. The "Golden Arches" have become part of the landscape of Beijing and Hong Kong. But is McDonald's trampling local culture in the name of a bland, homogeneous world order? Not really. Global capitalism pushes one way, and local consumers push right back. Herewith, a parable of globalization.

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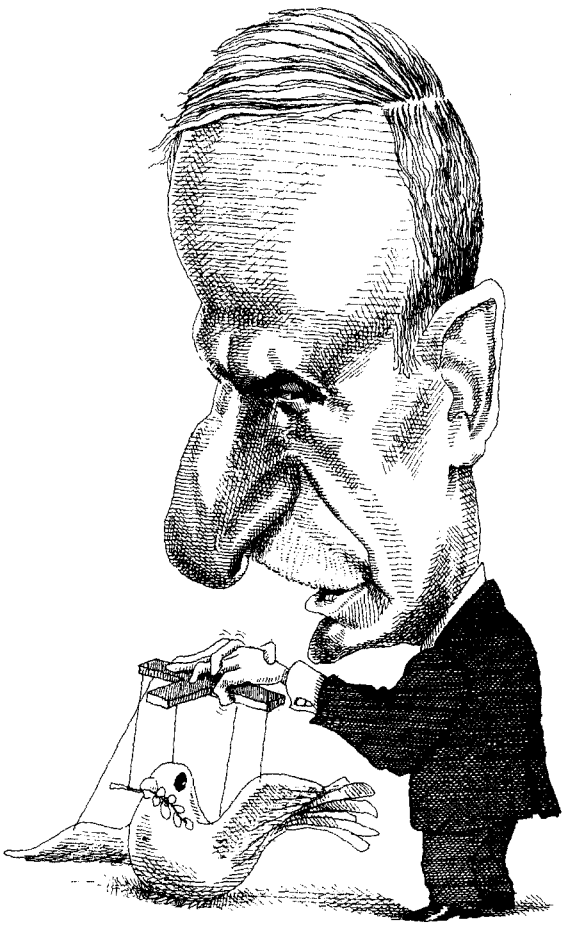

CAJAS/CARTOONISTS' AND WRITERS' SYNDICATE

Assad's moves are entirely consistent with a desire to make peace.

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Being Hafiz al-Assad

Syria's Chilly but Consistent Peace Strategy

Henry Siegman

Hafiz al-Assad's on-again, off-again approach to the Middle East peace process frequently drives U.S. and Israeli policymakers to distraction. Both Israeli Prime Minister Ehud Barak and President Bill Clinton have argued that Syria's president has made a "strategic decision" to resolve his differences with Israel peacefully. But some wonder if Syria has really resigned itself to peace. Assad's refusal to return to the table after January's Israeli-Syrian peace talks in Shepherdstown, West Virginia, a subsequent wave of deadly violence in southern Lebanon, and a frosty March summit in Geneva with Clinton hardly seemed evidence of pacific intentions.

Is the Syrian leader temperamental and unpredictable? Have Clinton and Barak been gulled by the mistaken view—first advanced by Henry Kissinger after the 1973 Yom Kippur War and now accepted as conventional wisdom in foreign ministries worldwide—that Assad, a maddeningly clever negotiator, is entirely trustworthy once he has given his word? In light of Assad's enigmatic behavior, should Israel and the United States not forgo the notion that only procedure, not substance, stands in the way of an Israel-Syria agreement?

Many pundits in Israel and the United States have answered yes to all these important questions. A pall of skepticism enveloped the Syrian track, especially after attacks on Israeli troops by Hezbollah, the radical Shiite militia that operates with Assad's blessing in southern Lebanon. Indeed, for some observers, Syria's behavior showed that Assad is not resigned to Israel's existence and is interested not in peace but in process—in stringing out the negotiations to preserve Syria's regional position rather than cutting a deal.

But this is a serious misreading of Assad, one that could easily lead policymakers to miss a rare opportunity to achieve a larger Middle East peace. In fact, Assad's behavior has been anything but erratic: it has been consistent and predictable. To understand that consistency, one must understand the man known as the sphinx of Damascus and the world in which he lives.

Henry Siegman is Senior Fellow and Director of the U.S./Middle East Project at the Council on Foreign Relations.

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HOW THE SPHINX THINKS

Syria has long been the great holdout in the peace process and the leader of Arab hard-liners who reject accommodation with the Jewish state. Assad himself was defense minister when Syria lost the Golan Heights to Israel during the 1967 Six-Day War, and since then, he has kept their return high on his list of priorities, which also includes reinforcing his narrowly based regime and extending de facto Syrian control over Lebanon. But when Assad's Soviet patron collapsed, the sphinx of Damascus began rethinking his anti-Western orientation. He joined the 1991 Gulf War coalition against his rival, Saddam Hussein, and sent Syrian Foreign Minister Farouk al-Shara to the subsequent Madrid peace conference. Analysts such as Moshe Ma'oz argued that Assad had realized that he no longer had a military option and had adopted a new Israel strategy based on diplomacy.

Such a decision helps explain the 1994 series of high-level negotiations between Syria and Israel at the Wye Plantation in Maryland in the wake of the Israeli-Palestinian pact negotiated at Oslo the previous year. The Wye talks were broken off in 1996 by Israel, not Syria, after Syria refused to condemn a spree of terrorist attacks on Israeli buses by Hamas, a Palestinian Islamist group. The Israel-Syria track remained on hiatus during the prime ministership of the hard-line Binyamin Netanyahu, but great expectations arose after the 1999 election of Barak, who promised to push hard for a deal with Damascus and praised Assad as a bold modernizer. Clinton said repeatedly that a deal swapping the Golan Heights for peace was well within reach. When Assad sent Shara to negotiate with Barak in Shepherdstown in January, it was the highest-level meeting ever between the two sides.

Where is the consistency in this track record? The key is that Assad has devoted his life to what he sees as the defense of the Arab national cause. That cause, Assad believes, was betrayed by his fellow Arab leaders—from Egypt's Anwar al-Sadat, who made a separate peace with Israel in 1978, to Palestine Liberation Organization (PLO) Chair Yasir Arafat, who agreed to the 1993 Oslo accords, to Jordan's King Hussein, who signed a peace treaty in 1994. Assad has pledged that, unlike those weak leaders who capitulated to Israel and the United States, he will uphold the dignity of Arab unity without compromise. The ailing Assad wants this steadfastness to be his legacy. He also hopes to guarantee his place in Arab history by passing power to his son, Bashar, whom Assad figures will find it easier to take the reins if Syria makes its painful accommodation with the Jewish state on the elder Assad's watch.

How would an Assad-style peace with Israel differ from the pacts reached by the Arab leaders whom he has so passionately condemned? Assad has always emphasized a comprehensive Arab-Israeli settlement, bitterly opposing separate bilateral agreements with Israel. But since Egypt, Jordan, and the PLO have all concluded bilateral deals with Israel, what meaning can the principle of comprehensiveness now have? Assad concedes that comprehensiveness no longer has a geographic dimension. He calls comprehensiveness no longer horizontal but vertical—meaning that unlike such "discredited" Arab leaders as Sadat and Arafat, who both left key

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issues about Palestinian rights for later talks, Assad would not defer the resolution of any issue standing between Syria and Israel. Israel will have to clearly and definitively commit itself to the full return of all Syrian territory before Assad will shake hands with an Israeli prime minister. Were he to do otherwise, he says, the Arab world would judge him a hypocrite who behaved no differently than those he excoriated.

Given this steely conviction, Assad's public statements praising Barak's integrity and courage shortly after Barak's election last May were most unusual. These statements would not have been made, nor would Assad have agreed to send Shara to Shepherdstown, had Barak not assured Assad (via Clinton) that the 1967 armistice lines could become the border between Israel and Syria. That would let Syria reclaim the entire Golan Heights, which it held until the Six-Day War. Many analysts had thought that Israel would hold out for the international border demarcated by France and Britain in 1923, but Barak instead reaffirmed the commitment that his mentor, the martyred Israeli Prime Minister Yitzhak Rabin, had made to Assad. The issue is not as arcane as it sounds: the 1923 lines would keep the Sea of Galilee, with its precious reserves of fresh water, entirely within Israel's borders. For Assad, the Israeli promise to return to the 1967 borders unlocks the door to negotiations with Israel without risking being seen as a traitor to Arab nationalism.

FROM BEIRUT TO JERUSALEM

If Assad has had his way forward cleared, why did the Shepherdstown process stall and why did southern Lebanon erupt? Things went wrong when an American draft peace treaty given confidentially to the parties in Shepherdstown was leaked to both the Arab and the Israeli press. This working document revealed that Syria and Israel had already agreed on many issues relating to security and normalized relations—before the joint committee in charge of the border issue had even met. Indeed, the American draft openly admitted that the parties continued to disagree over borders. So Assad was blasted throughout the Arab world as someone who had made major concessions to Israel—for example, promising to join Israel in fighting terrorism—even before Israel had agreed to withdraw to the 1967 lines.

Clinton has insisted that the problem was merely procedural. But for the badly humiliated Assad, it cut more deeply than most substantive issues. After the embarrassment of the release of the American draft, Assad refused to return to the talks—despite Clinton's efforts in Geneva—without a clear public acknowledgment by Barak of Israel's willingness to withdraw to the 1967 lines. Nothing less than that could remove the stigma now attached to Assad, who stood accused of being prepared to compromise Arab positions no less egregiously than the fellow Arab leaders whom he had criticized so bitterly. For Assad, it was a matter of salvaging his legacy—and of salvaging the honor of Syria, a country that prides itself on being "the beating heart" of Arab nationalism.

Barak, then, made a serious tactical error when he decided not to publicize his agreement to withdraw to the 1967 border until he could show skeptical Israelis what they would get from Assad in return. Had Barak announced his intention to withdraw from

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The riddle of the sphinx: Syrian President Hafiz al-Assad, Moscow, July 1999

the Golan early in his term, when he was still enjoying the momentum of his landslide victory, most Israelis would merely have said that he was sticking to his oft-declared principles. By insisting that he had not yet decided this issue, Barak painted himself into a corner.

Skeptics who questioned Assad's commitment to a drastic change of policy toward Israel pointed to Shara's hostile rhetoric and behavior in Washington—where he gave an obstreperous speech during a handshake-free White House ceremony with Clinton and Barak—and at the chilly Shepherdstown talks that followed. They also highlighted Assad's refusal to participate personally in the negotiations, reassure the Israeli public about his intentions, or rein in Syria's state-run press when it makes noxious comparisons between Israel and the Nazis or denies the Holocaust. Above all, they pointed to the heightened Hezbollah attacks in southern Lebanon, clearly intended to bleed Israel, embarrass Barak, and make it harder to resume talks.

But if one considers the larger context of Assad's biography and the Arab world within which he operates, these actions were entirely consistent with a desire to make peace. For Assad to be able to sign a peace agreement with Israel, he must be able to convince himself, the Syrian leadership, and the Arab world that he yielded absolutely nothing to Israel before he won a clear commitment from the Jewish state to a withdrawal that fully restored Syrian and Arab honor. The personal distance and angry rhetoric let Assad maintain what he insists is a distinction between himself and the treasonous Sadat, Arafat, and Hussein.

Hezbollah clearly would never have increased its lethal attacks against Israeli

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troops without Assad's go-ahead. By the same token, however, Assad also clearly kept Hezbollah from retaliating against Israel's northern cities after Israel responded to the Hezbollah attacks by bombing Lebanese power plants. Nothing happens in Lebanon, domestically or internationally, without Assad's approval. Heating up the Lebanese-Israeli border war was seen by Assad as essential to his claim that—despite the American working document's suggestion that he, too, had caved in to Israel—he remains the unyielding, reliable defender of Arab honor.

Indeed, in a striking speech by Shara to the Arab Writers' Union in Damascus on January 27, the Syrian foreign minister said that Israel's overwhelming military superiority and the support it receives from the United States had taken the war option off the table for good. Therefore, argued Shara, Syria must limit its conflict with Israel to the sphere of cultural and economic competition. If Israel returns to the June 1967 borders, he added, the Arab-Israeli conflict will be transformed from an existential one to a border dispute.

NEIGHBORHOOD BULLY

Despite Assad's strategic decision, many in Israel, Congress, and the American Jewish community resent Barak's apparent willingness to overlook Assad's cold and even insulting behavior toward him and Israeli negotiators. They insist that Israel not accept such offensive conduct, even as a condition for peacemaking.

Of course, Israel does not have to tolerate Syrian bad manners. But a peace accord with Syria has sweeping region-wide implications for Israel precisely because Assad is the meanest bully on the block. If Assad were a nice guy, the Arab world would not defer to him on normalization with Israel.

Barak understands Assad's reality very well, even if some of his ministers and much of the Israeli public do not. Notwithstanding Israel's unfortunate February bombing of Lebanon's power plants—which avoided civilian fatalities but failed to stop Hezbollah's attacks—Barak has tenaciously resisted the insistent calls by members of his own cabinet and the public for massive retaliation against Lebanon. Barak continues to take Assad's strategic commitment to peace seriously. The Israeli leader is aware, of course, that his own reluctance to own up to his agreement to return to the 1967 lines undermined Assad's position, and he understands that Assad needs to restore his own credibility in the Arab world in order to make peace with Israel.

Barak has placed himself in an unenviable position. He knows, given the mood of Israel's public, that belatedly conceding that he is willing to return the entire Golan could sink not only the public referendum he has promised to hold on any agreement with Syria but his own political future as well. A renewed round of talks would mean a weakened Barak.

Ironically, Barak has always considered a unilateral Israeli withdrawal from its "security zone" in southern Lebanon a reckless gambit. Still, his threat to pull out has been a key factor driving Assad to the table, for fear that the resultant vacuum would embolden Hezbollah and its Iranian patrons and perhaps even drag Syria into a clash with Israel. When Barak dramatically promised during the 1999 election campaign to withdraw Israel's troops by July 2000, he fully

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intended such a withdrawal to occur as part of an agreement with Syria, which controls Lebanon. But the intense domestic outcry over the recent steep rise in Israeli fatalities in southern Lebanon has made it impossible for Barak not to withdraw from Lebanon, even without a Syrian agreement. He has let the impression that his promise to pull out by July does not depend on an agreement with Syria go unchallenged for too long to deny it now. Were he to do so, his government would fall.

On the other hand, Barak knows that a unilateral withdrawal could have unpredictable consequences—including more clout for Hezbollah in Lebanese politics or renewed attacks on northern Israel from Palestinian radicals in Lebanon—that might foreclose Syrian-Israeli peace and continue Israel's regional isolation for a long time. The latter danger weighs most heavily on him. "We are speaking of a border that has only symbolic but not operative value," Barak said recently at a closed meeting with senior army officers. "Three hundred meters here or there should not stand in the way of [the] huge strategic asset represented by a comprehensive Middle East peace."

The dilemma in which both Assad and Barak find themselves is real and deep. Moreover, time is short. Barak has promised to pull out of Lebanon by July, and the ambitious Israeli prime minister hopes to wrap up both the Syrian and Palestinian tracks before the American election season. Barak cannot escape the need to accept the 1967 line rather than the 1923 border—a concession he must make before negotiations resume. Assad, on the other hand, must accept minor but real deviations from the 1967 line to let Barak claim that he avoided the vulnerabilities that the 1967 frontier presents. But the changes cannot be so large as to cast doubt on whether the 1967 line in fact prevails. Fashioning such a formula should not be beyond the imagination and skills of the parties and of the American mediators. Only creative U.S. diplomacy can rescue Assad and Barak from their respective domestic plights. Misreading Assad does not help.

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War Logs On

Girding America for Computer Combat

Bruce D. Berkowitz

Some call the NATO intervention in Kosovo a victory (the deportees were returned, and NATO suffered no casualties). Others call it a failure (thousands of ethnic Albanians were killed, and thousands of Serbs were left homeless). But there is another way to think about Operation Allied Force: it was the first time the United States went to war since Netscape went public.

An odd yardstick? Not really. We are in the computer age now, and Kosovo was the first major military operation that required U.S. leaders to decide whether, when, and how to use a new form of warfare: computer network attack. Computer warfare (to use a less technical term) is a byproduct of the information revolution. The explosive growth of electronic devices and communications networks has created a new way for armies to strike their opponents.

U.S. forces reportedly planned several computer warfare operations during Operation Allied Force. Some appear to have been successful, some clearly failed, and still more were aborted for a variety of reasons. But even these early efforts have raised issues that are bound to become increasingly important. Should the United States conduct computer war? Should certain targets be off-limits? Who should be responsible for taking warfare on-line? Is America prepared? These questions were quietly debated during the last decade within the White House, the Pentagon, the State Department, and the intelligence community. But without answers, the United States could fall behind in a critical new dimension of military power. Moreover, the broad issues of computer warfare must be debated openly, because U.S. policy will depend heavily on public and industry support.

AN ELECTRONIC PEARL HARBOR?

Computer warfare first emerged from classified circles in the mid-1990s, when U.S. officials warned that terrorists and hostile countries might someday attack American computers and communications systems. Their concerns were genuine, but these alerts about an "electronic Pearl Harbor" did not give the full picture. In

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fact, U.S. defense experts have been as intrigued by the prospect of attacking an opponent's computer networks as they have been worried that someone might attack their own. Officials recently began to talk openly about such offensives because several developments made the opportunities obvious and irresistible.

First, armies everywhere now depend on computers more than ever. Dependence implies vulnerability, and to military thinkers, vulnerability implies opportunity. Those who remember the War Room and the Big Board from *Dr. Strangelove* are familiar with the computer networks used in command-and-control systems, but that is just one, highly visible military application of computing technology. Computers have worked their way into every aspect of the world's armed forces. Modern military organizations need massive data-management systems for logistics, computers to process intelligence and plan operations, and paperless, computer-based systems to design and manufacture weapons. All these computers and the networks that connect them are potential targets.

Second, civilian society depends more on computer networks, too, and these networks are even more vulnerable than military systems. A strike on the computers that support a country's civilian infrastructure could, at least temporarily, leave its people shivering in the dark. Such a salvo could also cripple a country's military forces, which usually depend heavily on commercial transportation and communications systems.

Third, modern telecommunications are linking computer systems throughout the world. In principle, any data-processing device linked to a communications network (and often even those that are not) is vulnerable to attack. Futurists often joke that someday even household appliances will be connected to the Internet. When that happens, your Cuisinart will be a potential target for computer network attack.

Meanwhile, weapons for computer warfare—like most other information technologies today—keep getting better. During Operation Desert Storm, U.S. forces reportedly dumped bogus data into Iraq's air-defense computers by having troops tap into land-based phone lines. In Kosovo, the same job was done from aircraft, and the Pentagon reportedly has plans for satellites that could launch such strikes. Today military forces use lasers and microwaves to stun or dazzle their adversaries' electronic equipment. Tomorrow they might modulate these energy waves to insert actual data into computer networks from afar. And as all these weapons improve, military thinkers are also developing better strategies and tactics to deceive, confound, and confuse their opponents.

Unfortunately, many U.S. officials still think computer warfare is an exotic option reserved for special occasions. They should look further ahead. As computer networks continue to spread throughout armies and societies, both will become more vulnerable to attack. Striking an opponent's information systems will no longer be novel; it will simply be an obvious way to win a war. The United States must understand both how to defend itself and how to use this new kind of warfare effectively.

WAR GAMES

Accounts of U.S. information operations in Kosovo—even the government's own—describe confusion and poor planning.

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For example, U.S. commanders reportedly considered attacking computer systems that controlled public utilities in Serbia but refrained because they feared it would be illegal, immoral, and harmful to civilians. Other reports say that Clinton administration officials proposed hacking into the computer systems of banks in Russia, Greece, and Cyprus where Serbian elites had stashed funds. The officials thought they could steal the money electronically and thereby pressure Serbian leaders. The operation was canceled after other officials called the plan half-baked. (After all, banks keep backup records, so the scam would have failed and, in the process, exposed America's ability to penetrate computer systems.)

Part of the problem was simply that computer warfare is new, and the Pentagon is still learning how to use it. But U.S. officials and military commanders clearly slipped. A Defense Department report after the war concluded, with traditional military understatement, that the "conduct of an integrated information operations campaign against Yugoslavia was delayed by the lack of planning and strategic guidance defining key objectives"—this in a report that lavished praise on almost every other aspect of the NATO operation. Admiral James Ellis, the commander of the U.S. component of the NATO air campaign, put it more bluntly, calling the allies' poorly planned information operations "perhaps the greatest failure of the war."

Unfortunately, post-Kosovo efforts to fix the problem seem to have consisted mainly of tweaking organizational charts. For example, the Pentagon moved the Joint Information Operations Center—which supports computer-network attacks as well as military deception, psychological operations, and electronic warfare—from Atlantic Command to Space Command. Such measures, although well intentioned, will be ineffective or even counterproductive.

Computer warfare is like airpower, armor, or most other military capabilities—potentially useful, but rarely on its own. Computer warfare will usually be effective only when planned as part of a larger operation. Indeed, Defense Department doctrine instructs commanders to do exactly that.

If only doctrine equaled practice. Kosovo showed that U.S. commanders still consider information operations a sideshow. Concentrating computer warfare in any single command will make matters worse. Regional commanders, already slow to think about computer attacks, will not have to think about them at all. After all, figuring out how to take out the enemy's computers is now Space Command's job.

In fairness, organizing for computer warfare is tough. For one thing, geography does not constrain computer warfare; you can crash a computer in Baghdad from an office in London if you make the right connections. So a computer warfare plan often must involve military organizations in several different regions. Furthermore, exploiting computers' vulnerability is a tricky business, which further complicates planning. For example, to insert bogus data into an enemy computer network during wartime, one might need to compromise the system several years in advance via a cloak-and-dagger operation.

Planning for computer warfare is also complicated because most information systems—even those used by the military—are commercially manufactured, owned,

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or operated. Offensive computer warfare could easily involve private companies in some way. If the firm is American, should Washington expect it to object? Or to cooperate? If the company is foreign, does Washington care? And what about retaliation? Should U.S. forces strike foreign military computer systems when the enemy might strike back at American commercial systems used by the U.S. military?

Similarly, effective defense in computer warfare will depend on whether commercial communications companies, software developers, and electronics manufacturers can protect themselves. Unfortunately, many companies are in no great hurry to cooperate or coordinate with U.S. war planners. Relations between the U.S. information industry and the government are already strained, thanks to disagreements over encryption standards, antitrust laws, immigration policy, and other issues. The military's influence over industry standards has shrunk as consumers, rather than government, have become the most important customers.

In short, planning for computer warfare is terribly complex. Regional commanders must be pressed to include information operations in their planning and coordinate these plans across commands at the highest levels. The secretary of defense should coordinate any clandestine operations needed to prepare or support these plans with the various U.S. intelligence organizations.

The secretary of defense should also improve relations with companies in the information industry, which need to understand their own stake in an effective defense. Formal regulations and the "industry councils" used in the past are too slow and cumbersome. They also reduce cooperation to the lowest common denominator. Direct relations—formal and informal—with individual companies are essential.

SECRETS AND LIES

Midway through Operation Allied Force, the Pentagon's Office of General Counsel looked at the legal issues associated with computer warfare. Its analysis became controversial when journalists reported that some information operations could leave U.S. commanders culpable for war crimes. In fact, the report's main conclusion was that most legal questions about computer warfare were addressed by existing laws and treaties. For example, a bogus broadcast in which a "morphed" foreign leader told his troops to surrender would be a crime, but only for the same reason that attacking under a white flag is illegal—both actions abuse the communications channels reserved for invoking a cease-fire. Similarly, causing disproportionate civilian casualties by hacking into the controls of a hydroelectric dam would be criminal, but so would bombing the dam, if the effects were similar.

Intriguing though all this is, the most pressing issues about computer warfare are not matters of law but matters of policy—in particular, policies concerning targeting, secrecy, oversight, and defense. Most Americans would probably approve of computer attacks against enemies abroad during wartime. After that, the questions get harder. Should American companies overseas be protected from U.S. computer strikes aimed abroad? Should U.S. allies operating in third countries be exempt? Today's global marketplace makes these questions even more complicated. A company incorporated in California might

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have a director on its board from France and operate a subsidiary in Russia that serves customers from Iran. These are partly legal matters, but they are primarily issues of judgment. The key is how much retaliation and collateral damage U.S. leaders are willing to risk.

Discussing computer-warfare policy is even harder because such operations often require secrecy and sometimes require hiding the U.S. government's role. Victory in information warfare depends on knowing something that your adversaries do not and using this advantage to confound, coerce, or kill them. Lose the secrecy, and you lose your advantage.

Moreover, such secrecy is often fragile. Knowing that U.S. forces can penetrate a particular computer system will ensure that America's enemies avoid using it. Simply realizing that the United States is involved in such activities will encourage our foes to protect themselves.

Secrecy is anathema to free debate, and covertness is anathema to accountability. Both threaten democratic rule. But as computer warfare becomes increasingly important to U.S. security, more defense planning may mean more furtiveness. Past experience makes this troubling. Historically, oversight of covert activities has swung between two extremes—either ineffective (as in the Iran-contra scandal) or painfully slow and legalistic (as in the current situation, partly a result of the excesses of the 1980s). If the United States is to use computer warfare effectively, it must strike a balance.

The public must also understand U.S. policy. If they do not, they and the information industry will be reluctant to provide the cooperation that computer warfare requires. Worse, Americans will feel blind-sided when controversial operations become public, as they inevitably will. The backlash could prevent Washington from undertaking such operations in the future.

Officials can discuss openly the broad strokes of U.S. computer warfare policy without revealing details that would compromise specific operations. The White House and Congress should hammer out an agreement about how the United States will carry out computer warfare. The Clinton administration was slow to start dealing with the issue; the next president must give it a higher priority if the United States is to sort out computer warfare's complexities.

Computer warfare may be fought with electrons rather than bullets, but war is war, and decisions about war will always be the hardest ones that officials have to make. The incentives and means for computer warfare will increase as the information revolution proceeds. Even if the United States does not practice computer warfare, some of its adversaries will. If America is not prepared, the glitches in U.S. information operations in Kosovo could become disasters in a future war.

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The Party's Over

Kohl's Disservice to German Democracy

Robert Gerald Livingston

Former Chancellor Helmut Kohl's secret, illegal fundraising has corroded the German public's trust in its political parties and in the party-dominated system itself. The revelations that surfaced in late autumn 1999 of illegal slush funds, secret bank accounts, and money laundering of campaign funds have undermined Kohl's vaunted reputation as the father of reunified Germany. Understandably, the financial scandal also dramatically diminished public support for his Christian Democratic Union (CDU).

But as the sordid story continues to unfold and Kohl stubbornly refuses to reveal his donors, it also weakens public confidence in all political parties, whose stability and influence were the most marked characteristics of West German political life for a quarter century. And the scandal has disgusted eastern Germans who, already resentful of western German political dominance, are now commenting that unification in 1990 meant simply exchanging one rotten system (in which communists ruled) for another (in which money rules).

THE GOSPEL ACCORDING TO BONN

In the Bonn republic, political parties were the most influential political institutions, governing according to the gospel of "reliability, calculability, stability, and continuity." They remain predominant today in the Berlin republic of unified Germany. Mainstream organizations such as the CDU and the Social Democratic Party (SPD) are highly structured, from the national to the local level, and include diverse affiliates. They are lavishly funded by private and public contributions. The latest annual accounting of the CDU to the parliament (recently corrected in response to the scandal) shows that about 30 percent of the party's 1998 income of 252 million marks ($134 million) came from taxpayers.

Political parties got their original boost from the Federal Republic's 1949 constitution, which explicitly assigns them a role in "forming the political will"—a mandate they have been interpreting

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ever more extravagantly in order to solidify their deepening influence. During the Cold War days of the 1950s and 1960s, leaders of the democratic mainstream parties justified placing "trustworthy" individuals in key positions in government agencies and in a wide variety of quasi-governmental institutions and state-owned companies as a way of guarding against misdeeds by former Nazis or communists. This practice metastasized throughout society after ex-Nazis retired, the Cold War ended, and Germany unified.

These days, the CDU and the SPD—with an occasional crumb for the smaller parties—maintain control over the selection of judges, managers of all public radio and television stations, university professors, directors of wealthy state and savings banks, and even such mundane appointees as local school directors or the heads of community utility, bus, and trolley companies. In some German states, this sharing of spoils between the two largest parties is almost as pronounced as it is in Austria. Of course the result in Austria was the public disgust that eventually let Jörg Haider's Freedom Party into the national government.

COMPASSIONATE CONSERVATISM

The CDU was the quintessential party of post-1945 West Germany. Its identity was defined by anticommunism, antisocialism, and later, anti–Green Party prejudices. Its very name stood for the values of established churches—primarily Catholic—and for social and family values that might use the slogan "compassionate conservatism" in the United States today. The CDU's stand for strict legality has been fundamental to its identity and easily translatable into an emphasis on law and order.

The CDU has always been the party of NATO and strong defense. As veteran CDU politicians used to confide, NATO membership was West Germany's "second constitution." The Christian Democrats have likewise been America's favored German party from the beginning. This was hardly strange in a West Germany that depended so much on American military protection that it could almost be considered an American protectorate. The United States was woven into the fabric of West Germany, especially militarily and politically. Relations with Washington have generally been at their best when a CDU chancellor holds power. Never was this more true than with Kohl, a skilled practitioner of personal diplomacy who cultivated close ties with Presidents Reagan, Bush, and Clinton.

Personifying these relationships stands a figure deeply involved in the present scandal: the elegant and genial CDU politician, fundraiser, and defense-procurement lobbyist Walther Leisler Kiep. For most of the Kohl era, Kiep was the most prominent German representative in informal German-American relations, carrying out discreet missions, sitting on American corporate boards, and presiding over the leading quasi-official German-American friendship organization. Kiep, treasurer of the CDU for more than a decade, has been indicted on charges related to tax evasion. His acceptance of a secret contribution of one million marks from a German arms dealer (now a fugitive) first touched off reports of the scandal last November.

NO MORE HAND-ME-DOWNS

Today, the scandal is not only crippling the CDU, it also suggests that the party cartel system, which gave West Germany

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AP/WIDE WORLD PHOTOS

Take the money and run: former CDU Treasurer Walther Leisler Kiep, Augsburg, Germany, November 17, 1999

its uncanny stability, may now be unsuited to the Berlin republic. This dysfunction was hidden during Kohl's long tenure, which extended eight years into the newly unified state. His familiar face on the political stage gave an impression of continuity. But it was a false one. At most, this continuity applied to party politics but not to society and the economy, which have begun to change with increasing speed.

After 1990, German political leaders and policy intellectuals sang the praises of the Bonn republic system. They feared a surge of right-wing extremism in eastern Germany, a rebirth of traditional nationalism in both parts of the country, and a withering of the Western connection that had brought West Germany stability, prosperity, and a measure of influence in the world. But it was evident that the Bonn republic's stability had been purchased at the cost of acquiescence in a party system that was pervasive and more than slightly corrupt. This awareness was repressed by well-intentioned advocates of the Bonn republic, whose overriding purpose was to assure the transfer of the entire West German model to the former East Germany. In this they succeeded; their fears turned out to be groundless. And their system was incorporated into the rest of the now unified country.

But society in the unified Germany differs greatly from that of the old Bonn republic. The elites of government, business, and academia do not live by the traditional, paternalistic values that prevailed in the 1980s in much of West Germany, particularly in those regions where the CDU was strong, and for which Kohl stood so formidably but ever more anachronistically. Instead, today's elites

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have chosen the social and personal values of 1960s Germany, which resembled those in America. The values that were once central to the CDU's identity—anticommunism, a close linkage with America, support for organized religion—are far less relevant to daily life now that the Cold War has ended. Today's German society is highly secularized and dominated by media and entertainment; pragmatism, not ideology, prevails. In Germany today, tolerance, a relaxed view of life, and greater individual initiative are coupled with a sense of collective responsibility—a feeling especially pronounced among eastern Germans.

The economy, too, is changing more rapidly than at any time since the "economic miracle" of the 1950s. Chancellor Gerhard Schröder's SPD-led government is quietly dismantling many of the controls and regulations that were a feature of Rhineland capitalism. Drastic cuts in personal and corporate income taxes have been scheduled. The government's proposal to eliminate capital-gains taxes for corporations has been hailed, mainly abroad, as the biggest tax reform in postwar German history. And Schröder is encouraging, or at least not opposing, the industrial restructuring necessitated by stiffer global competition—a restructuring that has already gone quite far in the telecommunications and energy sectors.

The party cartel system inherited from the Bonn republic discords with these societal and economic trends. Nonetheless, even the impact of the scandal and the public contempt for political parties are unlikely to effect basic political reform any time soon. The reactions of the other parties, notably the SPD, to the CDU's current misfortune have been restrained and nonexploitative. Most Social Democrats figure that since the party-dominated system is not broken, it need not be fixed. Either way, it is unrealistic to expect the political parties to voluntarily give up their powerful, entrenched positions. As the regional elections last February in the northern state of Schleswig-Holstein show, the CDU still enjoys a fairly large core of loyal voters: 30–35 percent of the electorate countrywide, the financing scandal notwithstanding. Voter participation remains high. Germans may be clinging to their political parties as a pillar of stability, perhaps even more so now that society and the economy are undergoing such rapid change. The CDU's embrace of Angela Merkel as its new leader demonstrates a radical break with the Kohl past.

Moreover, German civil society is underdeveloped. Except in the environmental field, influential political watchdogs, nongovernmental organizations, and other groups devoted to keeping government and the parties honest are noticeably absent. A reform-minded, nonpartisan elite hardly exists. Politics from below is likewise rare in Germany. Citizens' initiatives arose in West Germany in the early 1970s and in 1989 during the East German revolution. But such movements either rapidly flickered out or were absorbed by the established political parties. "Populism" remains a dirty word in German political parlance. Plebiscitary approaches, such as initiatives or referenda—which could serve to check the parties—have been suspect ever since the Nazis organized mass votes for their criminal regime.

For the moment, therefore, the CDU financing scandal—serious as it may be—will likely bring about only minor

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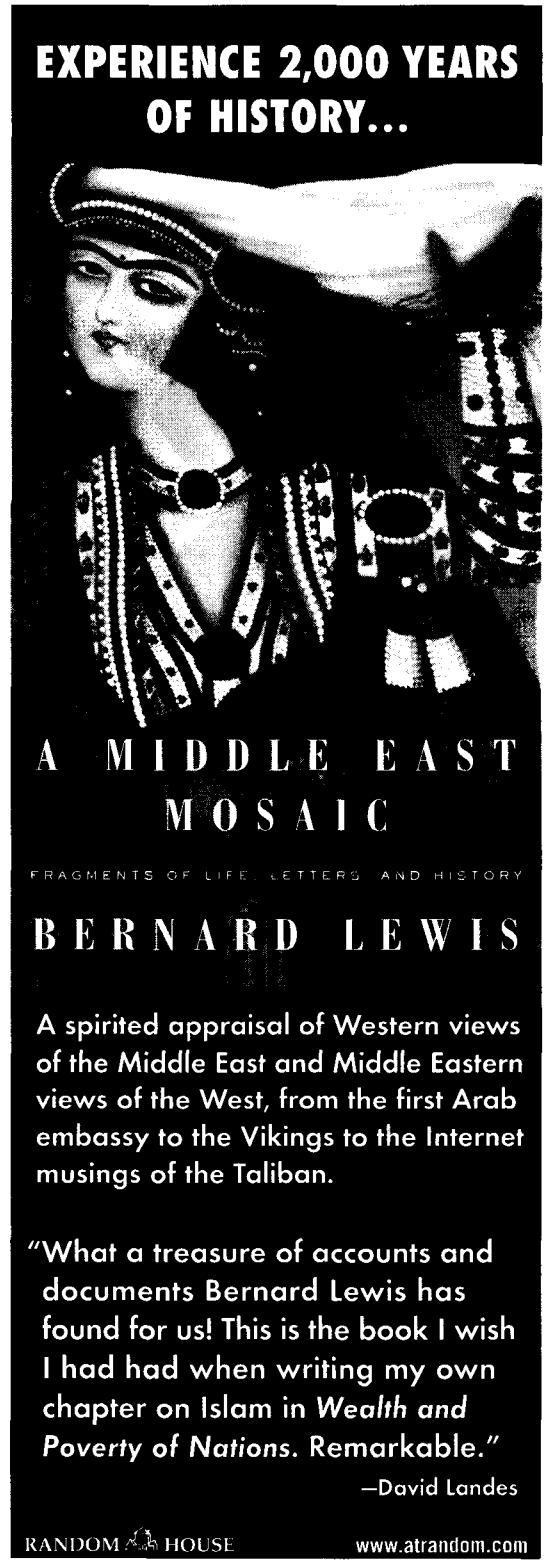
changes in German political practices and institutions. Perhaps it will result in stricter enforcement of party financing legislation or the introduction of term limits for the office of chancellor. But a danger lies in postponing reform and trying to perpetuate a party system that may have been appropriate to the Bonn republic of the Cold War but threatens to become increasingly irrelevant to contemporary Germans. Postponing reform of this hand-me-down cartel system will also deepen the public's cynicism about politicians and its weariness with the parties—ultimately deadening German democracy.

In addition, ending the Bonn republic means ending its political subordination to the United States. Germany's relationship with the United States begs for revision, as Berlin's national policy—domestic as well as foreign—increasingly focuses on the European Union. Any emotional assessments of the alliance with the United States are being replaced by a pragmatic acceptance of NATO membership as a normal fact of German political life, coupled with an indifference to defense matters. The Berlin republic will be more distant, detached, and hard-headed in deciding whether to conform to American foreign policy than were the governments headed by the CDU during the Bonn decades.

It will take some time, but the pressures for reform unleashed by the current party scandal will certainly spark far-reaching change within the CDU, which always clung to its close ties with the United States. Basic change will also eventually occur in the party cartel system that, although more corrupt than previously realized, has helped ensure the stability and continuity that made dealing with Germany so easy for American policymakers.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The Politics of Guilt

Austria's Bigot, Europe's Burden

Andrew Nagorski

The uproar surrounding the entrance of Jörg Haider's right-wing Freedom Party into Austria's coalition government illustrates how a discredited past can prove an erroneous guide to present political behavior. In Haider's case, the politics of guilt—portraying his popularity as the result of his appeal to neo-Nazi sentiments—obscures the real reasons for his rise. Whatever Haider's supporters may feel about his much-publicized 1991 comment praising Third Reich labor policies—which he subsequently disavowed and apologized for—and however crude his anti-immigrant rhetoric, Haider owes much of his success to the widespread disillusionment with the Austrian political establishment. Austria's two major parties, the Socialists and the People's Party, ruled in a "grand coalition" from 1945 to 1966 and again from 1986 to 1999, shamelessly dividing the spoils of jobs and contracts in a still heavily state-dominated economy.

Imagine if U.S. Democrats and Republicans decided to share power—with one party's leader as president, the other's as vice president, and a completely mixed cabinet—and then resisted all demands for reform. In such a scenario, a resentment-fueled third-party challenger, a self-described reformer, might shoot up in the polls. This is precisely what happened in Austria.

The European Union has failed to acknowledge that Haider skillfully plays on legitimate discontent, along with xenophobia. This has allowed the EU's 14 other governments to claim the moral high ground as they cut off high-level contacts with Austria. Austria's neighbors have remained unrelenting, even after Haider resigned as the leader of his party. They object to the Freedom Party's participation in the Austrian government, regardless of Haider's title (he remains governor of Carinthia). The EU's rationale is that it must send a clear signal to far-right parties that they have no place in member governments. But even if one accepts this logic, the organization's actions remain highly problematic. There is no indication that the EU has considered what will happen if it fails to achieve the all-or-nothing goal of bringing down

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the current Austrian government. And it seems far from ready to concede that it has caricatured the real origins of Austria's political crisis.

This reckless oversimplification is a common feature of today's politics of guilt. In the current debates about what obligations the past imposes on the present, speakers have a tendency to distinguish only between "good guys" who use reassuringly familiar terms about the need for atonement and "bad guys" who raise troubling questions. Recent "bad guy" candidates have included German novelist Martin Walser and Berlin's Mayor Eberhard Diepgen. In 1998, Walser sparked a furious debate by questioning "the ritualized way" in which Germans speak about their past, denouncing the use of the Holocaust as "a moral cudgel" in political discussions, and calling the planned Berlin Holocaust memorial a "football field–sized nightmare." Diepgen, usually a bland politician, suddenly found himself cast in the same light as Walser when he refused to attend last January's ceremony dedicating the Holocaust memorial site. Before any rush to judgment of either man, it should be noted that the proposed memorial is hardly universally popular. Consisting of 2,000 stone pillars on a five-acre site near the Brandenburg Gate, the memorial would be an immense, impersonal monument, in the eyes of critics.

That Germans like Walser and Diepgen are willing to speak their minds on such sensitive subjects without fear of being branded antisemites is a new and healthy development. Walser's warning against trivializing the Holocaust proved apt during the war in Kosovo. Foreign Minister Joschka Fischer justified his government's willingness to send German planes into combat for the first time since World War II with the slogan "Never again Auschwitz." It was as if nothing short of a new Holocaust would justify Germany's military action.

THE SORROW AND THE PITY

In societies emerging from totalitarian regimes, the instinct to either condemn or absolve is perfectly natural but never easy to manage. For example, Czechoslovakia's method of purging the country by exposing those who had collaborated with the Communist secret police was marred by excess. When carried out in Prague and elsewhere in central Europe, it has achieved uneven results, even serious miscarriages of justice. But this is hardly surprising, since the governments relied on old secret-police files to identify informers—effectively extending the power of the old regime into the new system. The targets of secret police surveillance were, of course, dissidents—who had the thickest files and were often blackmailed. Communist Party functionaries were not given this kind of attention, nor were those citizens who never risked anything. And although very few Communist officials were ever brought to trial, many of those who battled them were suddenly forced to resign from politics.

The alternative—to ignore the often dubious evidence in the files, as Poland initially tried to do—proved equally unsatisfying. Sooner or later, the secrets in the files seep out, often through deliberate leaks aimed at destroying political opponents. Now Poland has belatedly launched its own process of exposing its past.

The task of assigning guilt or innocence should, in theory, be easier when it comes

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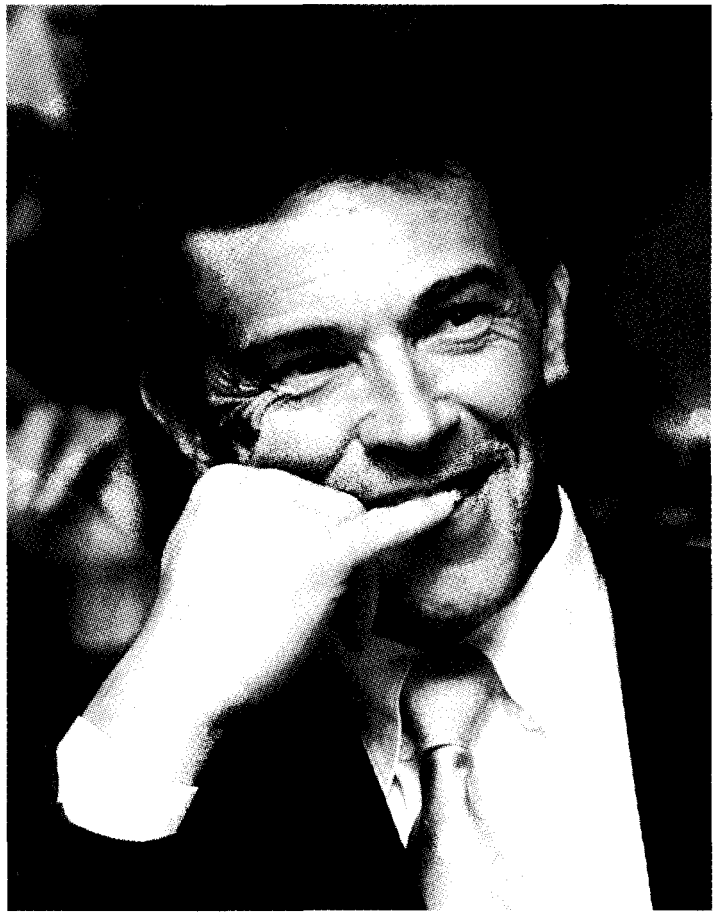

AP/WIDE WORLD PHOTOS

The future face of fascism? Jörg Haider, former leader of the Freedom Party, Carinthia, Austria, February 29, 2000

to the Third Reich and World War II. But beyond those Nazi leaders convicted at Nuremberg or in subsequent war tribunals, how far does guilt extend? Most people, for example, would distinguish between a Nazi officer in a concentration camp and a shopkeeper who displayed moral cowardice by pretending not to see what was happening.

Finally, if measuring guilt is a difficult exercise within the heart of the Third Reich, it is all the more complicated elsewhere. Many countries promoted the myth of collective innocence. Postwar France, for instance, loved the myth of the Resistance, implying that almost everyone fought the Germans—until the powerful 1971 film *The Sorrow and the Pity* began exposing widespread collaboration. Switzerland has found its neutral reputation tarred by recent revelations about its banks and its handling of Jewish refugees.

There are no easy rules for passing judgment, but there are obvious pitfalls to avoid. The crucial distinction between perpetrators and collaborators should not be forgotten. In the occupied countries and in Switzerland, there were plenty of shameful actions that should be

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condemned. But a degree of caution—and humility—should be employed when castigating people whose main sins were ones of omission. After all, even the United States does not have an unblemished record. In an era when antisemitism was a common feature of American life, Washington routinely tried to prevent Jewish refugees from entering the country and dismissed much of the information coming from Europe about the Holocaust.

On the other hand, we pay a heavy price for failing to examine the past and establish the truth. The fact that many Russians still resist the truth about the gulag—Stalin's labor camps and prisons—has allowed a largely unrepentant Communist Party to dominate successive legislatures. The same process is visible in Austria. That country's failure to face its past is one reason why a populist like Haider gets away with open xenophobia. Austria's search for truth must begin with its admission that Austrians were perpetrators of war crimes, not occasional Nazi collaborators. They must break from the decades-old myth that they were Hitler's "first victims."

FUTURE LEADERS OF THE WORLD?

What's next for Austria? The EU, along with the Austrian Socialists, hopes that pressure will lead the current government, led by Chancellor Wolfgang Schüssel of the People's Party, to collapse. Encouragingly, there appears to be very little domestic popular backlash against the foreign criticism, unlike during the uproar over Kurt Waldheim's presidential election in 1986. In fact, a poll conducted in March 2000 showed that 76 percent of Austrians support continued membership in the EU—11 percent higher than when the country first voted to join in 1994. Support for the Freedom Party, which garnered 27 percent of the vote in the last election, remains about the same as before the sanctions. The new government team is singularly unimpressive and could easily implode—not just because of outside pressure but because of internal disagreements over such matters as taxes and budget-cutting. If the regime falls, some form of grand coalition—most likely with the Greens as a new member—could take over. But that will not guarantee long-term success. Unless Austria addresses the issues that fueled the Freedom Party's rise in the first place, a new grand coalition would provide more ammunition for the far right—particularly those who manipulate the public's fear of losing national sovereignty to the EU.

The EU should also realize that Austria's current government may defy the odds and survive by skillfully managing the problems of a troubled but nonetheless strong economy. In that case, the EU should set the bar high for a resumption of normal relations by making two demands. First, the Freedom Party should announce explicitly that Haider's apologies for his Third Reich statements and xenophobic rhetoric have been less than convincing, and that he no longer represents the party's thinking; this is something it has not yet come close to doing. Second, Chancellor Schüssel must admit that he should have insisted on such a statement from the party before he invited it into his government, even if that meant removing Haider as party leader. The joint statement Schüssel issued with Haider was a classic case of too little, too late.

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For the all-or-nothing advocates in the EU, the greatest danger in making such demands is their being accepted, which would end the crusade short of total victory. But if the EU is honest, it will acknowledge that Austria's crisis is not as simple as has been portrayed. Furthermore, the EU should reconcile its own scattershot record on dealing with other countries' pasts. The French government includes ministers from a Communist Party with a long Stalinist tradition that it has only halfheartedly renounced. In Italy, the far-right National Alliance joined the government for several months in 1994, yet EU governments made no move to downgrade ties with Rome. Inconsistencies rarely paralyze politicians. But a greater respect for history means inculcating sensitivity to its complexities, particularly when history impinges so clearly on the present. It also means recognizing that the instinct to oversimplify can lead to policies that contain the seeds of their own destruction.

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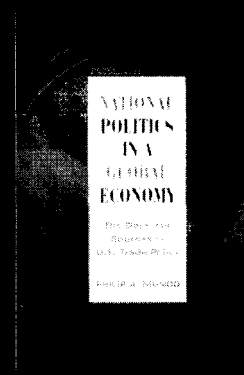

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Essays

While America and Europe fight over transgenic food, the poor countries of the tropics have been left on the sidelines.

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The Global Food Fight

Robert Paarlberg

FOOD FOR THOUGHT

POWERFUL NEW TECHNOLOGIES often provoke strong resistance. When the internal combustion engine gave us automobiles, advocates of horse-drawn buggies scorned the fad. When nuclear fission was first mastered, much sentiment turned against its use—even for peaceful purposes. Thus today's backlash against the commercial use of recombinant DNA technology for food production should not be surprising. Consumer and environmental groups, mostly in Europe, depict genetically modified (GM) food crops, produced mostly in the United States, as dangerous to human health and the environment. These critics want tight labeling for GM foods, limits on international trade in GM crops, and perhaps even a moratorium on any further commercial development of this new technology—all to prevent risks that are still mostly hypothetical.

The international debate over GM crops pits a cautious, consumer-driven Europe against aggressive American industry. Yet the real stakeholders in this debate are poor farmers and poorly fed consumers in Asia, Africa, and Latin America. These are the regions most in need of new transgenic crop technologies, given their difficult farming conditions and rapidly growing populations. Yet poor farmers in tropical countries are neither participating in nor profiting from the GM crop revolution.

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GENE GENIE

THE GENETIC MODIFICATION of plants and animals through domestication and controlled breeding has gone on with little debate for roughly 10,000 years. But since 1973, genetic modification has also been possible through the transfer of isolated genes into the DNA of another organism. This type of genetic engineering—also known as genetic transformation, transgenesis, or simply GM—is a more powerful and more precise method of modifying life. Genes carrying specific traits can be transferred using a "gene gun" between species that would not normally be able to exchange genetic material. A trait for cold resistance, for example, can be transferred from a fish to a plant.

As powerful as GM technology is, the large corporate investments needed to develop commercial applications for transgenic crops did not begin until 1980, when the U.S. Supreme Court extended patent protection to new types of plants and plant parts, including seeds, tissue cultures, and genes. Only after the Court guaranteed the protection of intellectual property rights did private corporations make the substantial investments necessary to develop commercially attractive transgenic crops.

The first GM crops that emerged were designed to solve important farm problems: pest control, weed control, and soil protection. The Monsanto Company, for example, developed soybeans with a built-in immunity to glyphosate, the active ingredient in the Monsanto herbicide Roundup. Having planted these GM soybeans, farmers could control weeds with a single spray of glyphosate, which had previously been lethal to the soybean plant. This reduced the need to employ more toxic and long-lasting weed killers or soil-damaging tillage. Several companies also developed GM varieties of cotton and corn engineered to contain a naturally occurring toxin—*Bacillus thuringiensis* (also known as Bt)—that minimizes insect damage to plants while dramatically reducing the need for chemical sprays.

These new GM field crops were finally released for large-scale commercial use by U.S. farmers in 1996. This followed years of laboratory testing and controlled field trials to screen for risks to other crops and animals, to the larger environment, and to human health. Once the Environmental Protection Agency, the Food and Drug Administration (FDA), and the U.S. Department of Agriculture approved the new GM

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seeds, American farmers gave them a try and instantly liked the results. By 1999, roughly half the U.S. soybean crop and one-third of the corn crop were genetically modified. While the seed companies made money, American farmers were the biggest winners, capturing roughly half of the total economic benefit from the new technology. (Patent-holders and seed companies gained only about a third of the added profits, while consumers got less than that.)

Enthusiasm for GM crops among American farmers is not hard to understand, given the decreased need for chemical sprays and tillage. Most U.S. farmers growing "Roundup Ready" soybeans need to spray only once, cutting chemical costs by 10–40 percent. Transgenic cotton often requires no spraying at all (compared to the 4–6 sprayings previously needed), reducing production costs by $60–$120 per acre.

Surprisingly, however, the GM seed boom has only been effectively realized in three countries. In 1999, 72 percent of all land planted with transgenics worldwide was in the United States, while Argentina had 17 percent and Canada 10 percent. The nine other countries that were (openly, at least) growing some transgenic crops—China, Australia, South Africa, Mexico, Spain, France, Portugal, Romania, and Ukraine—split the remaining one percent.

The weak participation of tropical countries can be partly explained by the industry's initial focus on temperate-zone crops such as soybeans and corn. But how can we explain the lack of enthusiasm among farmers in western Europe? There should have been nothing to prevent these farmers from making the switch to GM seeds. American companies have tried to market transgenic seeds in Europe, and some attractive GM crops have also been developed and patented by European-based companies. Yet within the European Union the new technology has not taken hold. As of 1999, only a few farms in Spain, France, and Portugal were planting transgenic crops.

ALLERGIC REACTION

EUROPEAN FARMERS have stayed away from transgenic crops largely because European consumers have become frightened of eating them. Consumers in Europe are now leading a backlash against GM crops—even though no safety risks linked to any GM crops on the

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market have ever been documented in Europe or anywhere else. After conducting its own 18-month study of this question, the U.K.-based Nuffield Council on Bioethics published the following conclusion in May 1999:

> We have not been able to find any evidence of harm. We are satisfied that all products currently on the market have been rigorously screened by the regulatory authorities, that they continue to be monitored, and that no evidence of harm has been detected. We have concluded that all the GM food so far on the market in this country is safe for consumption.

Yet such expert reassurances are discounted by European consumers, distrustful since the 1996 "mad cow disease" scare. That crisis undermined consumer trust in expert opinion after U.K. public health officials gave consumers what proved to be a false assurance that there was no danger in eating beef from diseased animals. Although mad cow disease had nothing to do with the genetic modification of food, it generated new consumer anxieties about food safety at precisely the moment in 1996 when U.S.-grown GM soybeans were first being cleared for import into the EU.

Exploiting such anxieties, a number of third parties, including nongovernmental organizations (NGOs), quickly stepped into the fray. Greenpeace and other European activist groups that had previously struggled against nuclear power and the use of various man-made chemicals (especially chlorine, which Greenpeace had tried to label "the Devil's chemical") inflamed consumer phobias of GM foods. In Britain, Prince Charles (a self-described organic farmer) and Paul McCartney joined the chorus. In France—where food is never just food—a broad coalition of farmers, labor unions, environmentalists, and communists launched attacks against not only GM food but also McDonald's, imported beef grown with (non-GM) hormones, Coca-Cola, and various other threats to what they called French "culinary sovereignty." In Germany, GM opponents drew dark parallels between the genetic manipulation of food and their country's earlier lapse into human eugenics.

These well-publicized campaigns forced significant corporate and government concessions in Europe. In April 1998, without scientific evidence of any harm from GM foods, Brussels stopped approving

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new GM crops for use in or import into the EU. This has meant a de facto ban on all corn imports from the United States (worth roughly $200 million annually), since bulk shipments might contain some GM varieties not yet approved. The EU also enacted a GM food labeling provision in 1998, requiring its 15 member states to begin marking all packaged foods that contain GM corn and soy. The United Kingdom went even further, requiring that restaurants, caterers, and bakers either list all GM ingredients or face fines of up to $8,400. To avoid consumer boycotts and lawsuits brought by activist groups, a growing number of food companies, retail stores, and fast-food chains (including both Burger King and McDonald's) in Europe pledged in 1999 not to use GM ingredients—at least where it could be avoided.

This backlash began to spread in 1999 to food-importing nations outside of Europe. Japan, South Korea, Australia, and New Zealand made plans to begin mandatory labeling for some transgenic foods, including heavily imported products such as GM soybeans and GM corn if intended for human consumption (as opposed to animal feed). Japan and South Korea together represent an $11.3 billion annual market for U.S. agriculture, and U.S. officials have worried that protectionist farm interests lie behind these labeling moves. But consumer anxiety is once again the more powerful factor at play. Responding to such fears, Japan's Kirin Brewery Company recently announced that starting in 2001 it would use only non-GM cornstarch for its beer; Kirin's competitor, Sapporo Breweries, made a similar announcement the next day.

OVER HERE

EUROPE'S CONSUMER-LED BACKLASH against GM crops put U.S. officials in an awkward spot. Usually the United States urges Europe and Japan to be more market-oriented in their food and agricultural policies; now, consumer-led market forces obliged the United States to adjust. U.S. officials have opposed the mandatory labeling of GM products. But the U.S. farm sector is so heavily export-oriented (U.S. farmers export more than 25 percent of the corn, soybean, and cotton they produce, and more than 50 percent of wheat and rice) that foreign pressure is prompting an informal movement in the other direction. The Archer Daniels Midland Company, a prominent U.S.-based

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soy-processing and export firm, announced in 1999 that it would henceforth ask U.S. farmers to deliver their GM and non-GM soybeans in separate batches so ADM could offer "GM free" products to consumers in Europe and Japan. Two large U.S.-based baby-food companies, Gerber and H.J. Heinz, announced in 1999 that they would soon switch to non-GM ingredients—not because of any new evidence that transgenic ingredients were unsafe, but out of fear of a Greenpeace-led boycott. Frito-Lay, the nation's major snack-food provider, followed suit, announcing that it would no longer use GM corn. In November 1999, several members of Congress introduced a "Genetically Engineered Food Right to Know" bill that would require labels on any food containing at least 0.10 percent GM ingredients. The Grocery Manufacturers of America opposed this measure but supported stronger consultation requirements between food companies and the FDA, hoping to boost consumer confidence.

The European and Asian backlash against American GM foods could generate sharp international conflicts.

Credible labeling of all food produced from GM commodities would be an expensive proposition for U.S. farms, agribusinesses, and consumers. It would require complete physical segregation of GM and non-GM food along every step of production, from the farm gate to the grocery shelf. U.S. officials estimate that this could increase costs by 10–30 percent.

In the meantime, the European and Asian backlash against U.S.-grown GM crops could generate sharp conflicts in several international settings, including the World Trade Organization (WTO) and the Convention on Biological Diversity (CBD). Within the WTO, the Sanitary and Phytosanitary (SPS) Agreement permits nations to restrict imports in the name of health or environmental protection. But an unresolved question is whether governments can restrict imports under conditions of scientific uncertainty, on a precautionary basis. The SPS agreement allows import restrictions only on a provisional basis while governments seek additional information.

The EU is trying to weaken this WTO requirement. In January 2000, it managed to insert language supporting its precautionary

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principle into the text of the new Protocol on Biosafety in the CBD. Hammered out by environmental rather than trade ministers, this protocol was drafted specifically to govern international trade in transgenic organisms, and it now states in several places that a "lack of scientific certainty due to insufficient relevant scientific information and knowledge" should not prevent states from taking precautionary import actions. The protocol then goes on to oblige exporters of living modified organisms meant for environmental release (such as plants or seeds) to provide prior notification of relevant biosafety information and to solicit an informed consent agreement from importers.

The United States fought to include language in the protocol that would place it under the authority of WTO rules, but was blocked from doing so by the EU and most developing countries. State Department officials reluctantly accepted the final terms of the protocol, partly with the hope that it might calm consumer and importer fears if the United States and the EU were seen to agree on the issue. By accepting the protocol, the United States also avoided further isolation within the CBD (to which Washington is not yet a formal party, since the Senate has failed to ratify it). But this acquiescence may have weakened America's hand on future GM trade issues within the WTO.

Such conflicts between the United States and Europe over GM crops may continue to escalate in the months and years ahead. Yet the most important stakeholders in the fight over GM foods have not been heard. It is among poor farmers and poor consumers in developing countries that the potential gains from this new technology are most significant. In the tropics, many consumers are not yet well fed and most farmers are not yet wealthy. Larger investments in the genetic modification of some crops could open a new avenue of escape from poverty and malnutrition for hundreds of millions of citizens in Asia, Africa, and Latin America. Yet far too little is being done to make that happen.

SERIOUS STAKES

IF PROPERLY EXPLOITED, the GM crop revolution will have life-changing—and even live-saving—implications in developing countries. Food-production requirements are increasing rapidly in the tropics due to population growth. Yet agriculture there is lagging, in part

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because of poor soil; extremes of moisture, heat, and drought; and a plenitude of pests and diseases that attack animals and crops. Poor farmers in tropical Asia and Africa currently lose much of their crop production every year (often more than 30 percent) to insects and plant disease.

Here is where modern transgenic technology carries special promise for the tropics: it can engineer plants and animals with highly specific pest and disease resistances. For example, poor farmers in Kenya today lose 15–45 percent of their maize to stem borers and other insects. If they could plant maize seeds engineered to contain Bt, a pest-killing toxin, they could reduce their losses without reliance on chemical sprays. Similarly, transgenic virus-resistant potatoes could help small-scale farmers in Mexico who currently suffer substantial crop damage. And a World Bank panel has estimated that transgenic technologies could increase rice production in Asia by 10–25 percent within the next decade. Without such gains, increasing demand from a growing population could push the price of rice beyond the reach of the poor.

Genetic technology could also improve nutrition. If the 250 million malnourished Asians who currently subsist on rice were able to grow and consume rice genetically modified to contain Vitamin A and iron, cases of Vitamin A deficiency (which currently kills 2 million a year and blinds hundreds of thousands of children) would fall, as would the incidence of anemia (one of the main killers of women of childbearing age).

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The U.N.'s Food and Agriculture Organization has recently estimated that one out of every five citizens of the developing world—828 million people in all—still suffers from chronic undernourishment. One reason for this is lagging agricultural production in some poor regions despite the earlier innovations of the so-called green revolution. The disadvantaged (and mostly female) farmers of Africa were bypassed by the dramatic gains brought on by the conventional (non-GM) plant-breeding breakthroughs of the 1960s and 1970s. Between 1970 and 1983, new high-yielding rice varieties spread to about 50 percent of Asia's vast rice lands but to only about 15 percent in sub-Saharan Africa. Similarly, improved wheat varieties spread to more than 90 percent of Asia and Latin America but to only 59 percent of sub-Saharan Africa. This helps explain why agricultural production has increased ahead of population growth in both East and South Asia while falling behind population growth in sub-Saharan Africa—leaving an estimated 39 percent of Africans undernourished.

African farmers fell behind because they had greater difficulty than Asians in getting access to the full package of green revolution technology. Earlier cross-bred crops still required farmers to buy supplementary products, such as chemical sprays. But with new transgenic crops, all the potential for enhanced productivity exists in the seed itself. Pests and diseases are managed not with chemicals but through genetic engineering.

Critics of the GM revolution fear that the environment might be hurt if engineered crops are released into rural tropical settings where wild relatives of food plants can often be found. If an engineered herbicide-resistance trait breeds into a weedy wild relative, the result might be a hard-to-manage "superweed." Or widespread planting of Bt crops might trigger an evolving population of "superbugs" resistant to the toxin. Legitimate biosafety concerns such as these have so far been addressed in rich countries on a case-by-case basis, through field testing under closely monitored conditions; the means for such testing and monitoring are still largely missing in the developing world. Even so, the hypothetical threat to biosafety posed by GM crops remains demonstrably smaller than the actual threat posed by invasions of exotic but non-GM plant and animal species. By some estimates, exotic species movements (having nothing to do with genetic engineering)

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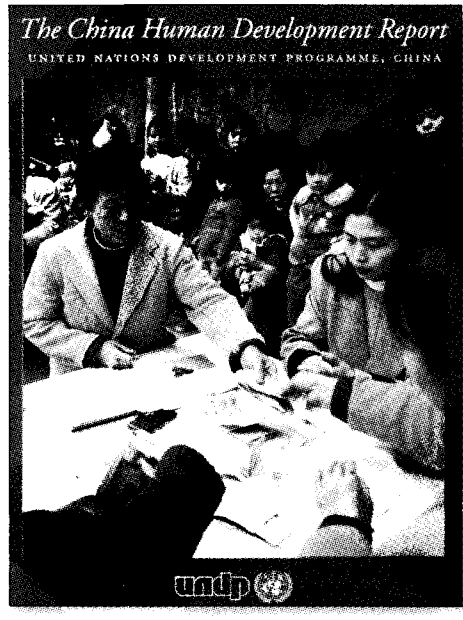
THE CHINA HUMAN DEVELOPMENT REPORT

United Nations Development Programme, China



The China Human Development Report is the first National Human Development Report on the Peoples Republic of China. Drafted by an independent UNDP group of eleven international and Chinese experts, the Report offers a comprehensive discussion of the state of human development in China, while putting special focus on the record of poverty alleviation. Taking its cue from the 1997 global Human Development Report, a first attempt is made in this report to rank provinces, autonomous regions, and municipalities in China according to the Human Development Index. With a population of 1.23 billion and a GDP that quadrupled between 1978 and 1996, China has a huge impact on the social and economic progress of the world. This Report examines how its spectacular economic growth has correlated with human and social development.

The Report summarizes the history and current status of sustainable human development in China, examines outstanding challenges, and makes a number of broad policy recommendations for tackling these challenges. Although China has an admirable record of promoting some aspects of human development, including poverty alleviation and improvements in health and education, the Report shows how China continues to face enormous human development challenges. Some of these are left over from the past, such as the rigid urban-rural divide; others are newly created or complicated by China's transition from a planned to a market economy, a process that has been unfolding for the past two decades. The Report also explores recent difficulties encountered in China due to the instability of world market forces—for example the Asian financial crisis—and examines China's most serious human development challenges: growing unemployment; rising social and economic inequality; and the absence of a social safety net.

Because this is the first national Human Development Report undertaken for China, it establishes a baseline for all future efforts by discussing a wide spectrum of development issues, including the distribution of income, health care, education and nutrition, population and migration, the status of women, employment, social security provision, the state of the natural environment, and the reform of state enterprises. Highlighting the many causal inter-connections among these various issues, ***The China Human Development Report*** is essential reading for all those studying the economic and political development of modern China.

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currently generate tens of billions of dollars in losses to agriculture annually in the developing world. If these countries are truly concerned with biosafety, GM crops should hardly be their first focus.

Transgenic products not only reduce chemical sprays, they can also aid in land conservation and species protection. For small farmers in the tropics, if GM crops or animal vaccines make farm and grazing lands more productive, there will be less need to plow up or graze more fragile lands in the future. In sub-Saharan Africa, roughly 5 million hectares of forest are lost every year, primarily to new clearance for low-yield agriculture. The real threat to biodiversity in poor countries today comes from such cutting of natural habitats. Thus the ultimate environmental payoff from transgenic crop technologies could include fewer watersheds destroyed, fewer hillsides plowed, fewer trees cut, and more species saved.

POUND FOOLISH

ALTHOUGH THE GM crop revolution could greatly benefit poor farmers in poor countries, this potential is not being realized. As noted above, their relatively prosperous colleagues in North America and Argentina grow 99 percent of all GM crops. Why have poor farmers in developing countries not participated in the boom?

First, consider the market-driven motives of the private GM seed companies that have been making the largest investments in this new technology. These multinationals have been criticized for their alleged efforts to make poor farmers in the developing world dependent on GM seeds. In fact, the GM seeds these companies are bringing to market have mostly been designed for sale to farmers in rich (mostly temperate-zone) countries. The danger is not that poor farmers in the tropics will become dependent on these companies; the danger is that corporate investments will mostly ignore the tropics because farmers there do not have the purchasing power to buy expensive GM seeds.

Some GM crop technologies originally developed for the temperate zone (Bt maize and cotton, for example) might readily be adapted for use in the tropics by transferring the desirable GM traits into locally grown crops through conventional plant breeding. Private companies, however, have little incentive to invest in such local adaptations where

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farmers are poor. Worse, they may seek to block local adaptations if poor countries are not willing to protect corporate intellectual property rights (IPRs). Seed companies had once hoped to solve piracy problems by engineering a natural sterility (called gene-use restriction technology, or GURT) into the seeds of GM plants. But such thoughts were set aside in 1999 when Monsanto agreed, under intense pressure from critics, not to commercialize its "terminator" GURT technology.

Protection of intellectual property is less of a problem in rich countries such as the United States. If anything, the U.S. Patent and Trademark Office has given corporations more protection than is good for them. Companies can now patent not just the inventive use of plant traits and genes, but also some of the smallest fragments of genetic material. Since the commercialization of a single transgenic insect-tolerant plant can now require the combination of many separately patented subtechnologies, problems with legal gridlock arise.

In most developing countries, however, IPR protection for GM crops tends to be too weak rather than too strong. A WTO agreement on trade-related aspects of intellectual property rights (TRIPS), reached during the Uruguay Round of negotiations, requires that all WTO members—including even the poorest countries after 2006— provide IPR protection for plant varieties. Yet many developing countries will try to satisfy TRIPS without giving up the traditional privileges of farmers to replicate and replant protected seeds on their farms.

This being the case, corporations will remain wary. As long as both purchasing power and IPR protection remain missing, private firms will probably not invest in the innovations most needed by poor farmers in tropical countries. For these farmers, the marketplace by itself is unlikely to produce much GM magic. Market forces have not prompted international drug companies to do adequate research in tropical diseases such as malaria. Similarly, market forces alone will not trigger the GM crop investments most needed by poor farmers in Asia and Africa.

A historical comparison drives the point home. Hundreds of millions of poor farmers in the developing world (at least those on good land) benefited from the earlier green revolution because in that case private multinationals were not in the lead. Instead, the leaders were governments, international financial institutions, and private philanthropies

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(especially the Ford and Rockefeller foundations). Market-oriented corporations did not build the laboratories or support the plant-breeding efforts in Mexico and in the Philippines that led to new, high-yielding varieties of wheat and rice in the 1950s and 1960s. These strains were developed and later adapted for local use by plant breeders working within the public sector, paid for in large part by Cold War–era foreign aid. The adapted local varieties were then replicated by national seed companies and given away to farmers. Intellectual property rights were not an issue, since government agencies wanted the seeds to spread as fast as possible. During this original green revolution, the public sector often went so far as to extend subsidies to farmers for cheap irrigation and fertilizers along with the seeds themselves.

Today's public-sector institutions are showing much less leadership in promoting the gene revolution. Reasons for this include a mistaken impression that all regions shared in the green revolution's success; the much larger and riskier investments in science that are needed to develop and commercialize new GM crop varieties; the dramatic shrinkage in budget leeway in most developing countries since the 1980s debt crisis; the model of market-led development pushed onto borrowing countries by the World Bank and the International Monetary Fund after that crisis; the disrepute of public sector–led development following the collapse of the Soviet Union; and finally, the diminished rationale for generous foreign aid to poor countries following the end of the Cold War.

Unfortunately, public development institutions also shy away from investment in GM technology out of fear: fear of media criticism, of litigation, or of physical attack by anti-GM activists. These are not imagined risks. The headquarters of the U.S. Agency for International Development's principal developing-country biotechnology support project, located at Michigan State University, was set on fire just before midnight on December 31, 1999, by an underground group calling itself the Earth Liberation Front.

More than just GM research is being left undone. Public-sector support for agricultural development has collapsed across the board. Annual foreign aid to agriculture in poor countries fell by 57 percent between 1988 and 1996 (from $9.24 billion down to just $4.0 billion, measured in constant 1990 dollars), and annual World Bank lending

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for agriculture and rural development fell by 47 percent between 1986 and 1998 (from $6 billion to just $3.2 billion, measured in constant 1996 dollars). As donors have pulled back, governments in the developing world have not filled the gap. Poor countries remain notoriously unmindful of the need to invest in agriculture, despite the documented high payoffs. These governments are distracted by demands from more powerful urban constituencies, often led by the army, state-owned industries, or the state bureaucracy. On average, developing countries devote only 7.5 percent of total government spending to agriculture, and little of this goes for research. Sub-Saharan Africa has only 42 agricultural researchers per million economically active persons in agriculture, compared with an average of 2,458 researchers per million in developed countries.

Public-sector support for agricultural development has collapsed across the board.

Even taking these private-sector limitations and public-sector lapses into account, the near total exclusion of poor-country farmers from today's GM crop revolution remains surprising. Even where useful GM technologies are commercially available, officials in poor countries have been curiously slow to allow their use. One reason has been the export to the developing world of the highly cautious attitude of European consumers and environmental groups toward GM crops. European fears have been exported both through market channels and through activist campaigns launched or supported by European-based NGOs.

In Thailand, for example, where exports of agricultural products such as rice, shrimp, tapioca, and poultry provide 23 percent of total export earnings and where local scientists have already engineered some improved GM crop varieties under greenhouse conditions, the actual planting of GM seeds is now blocked by the government. Warnings from customers in Europe and Australia that Thai exports might be shunned if they include any GM ingredients prompted Bangkok to announce, in mid-1999, that henceforth GM seeds would not be brought into the country until proven safe for human consumption. Some GM soybean and cotton seeds (grown safely and profitably by farmers in the United States since 1996) are rumored to be reaching

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Thai farmers through black-market channels, but the Thai government—which until recently had supported GM crops—now views such imports as criminal.

In Brazil, farmers who had hoped to plant herbicide-resistant soybeans in 1999 were blocked at the last moment when a federal judge granted an injunction filed by Greenpeace and a Brazilian consumer institute on grounds of a possible threat to the Brazilian environment. Higher courts are now reviewing the case, but a ban on planting remains in place. Farmers eager to get GM soybean seeds have been smuggling them in from Argentina, but the state government of Rio Grande do Sul, partly in hopes of being able to offer GM-free products to customers in Europe and Japan, has threatened to burn their fields and jail any farmers found to be growing GM soybeans. Greenpeace has thrown its weight behind efforts to keep Rio Grande do Sul a "GM-free zone."

In India, devastating bollworm infestations in cotton plants have brought despair—and reportedly hundreds of suicides—to poor cotton farmers. Insects have developed resistance to the heavy volume of pesticides sprayed on Indian fields. (Cotton accounts for 50 percent of all pesticide sprayed in India, even though the crop takes up only 5 percent of total farmland.) In recent Indian field tests, a GM cotton variety genetically modified to control bollworm increased crop yields by 40 percent while permitting seven fewer sprayings. But commerical release has been delayed because NGOs have filed a public-interest lawsuit against the government agency that authorized the trials, and activists have destroyed some of the test fields. Many of the same activist groups that oppose GM seeds in India today also opposed the introduction of improved non-GM seeds during the earlier green revolution.

Tragically, the leading players in this global GM food fight—U.S.-based industry advocates on the one hand and European consumers and environmentalists on the other—simply do not reliably represent the interests of farmers or consumers in poor countries. With government leadership and investment missing, the public interest has been poorly served. When national governments, foreign donors, and international institutions pull back from making investments of their own in shaping a potentially valuable new technology, the subsequent public debate naturally deteriorates into a grudge match

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between aggressive corporations and their most confrontational NGO adversaries. This confrontation then frightens the public sector, deepening the paralysis.

Breaking that paralysis will require courageous leadership, especially from policymakers in developing countries. These leaders need to carve out a greater measure of independence from the GM food debate in Europe and the United States. Much larger public-sector investments of their own in basic and applied agricultural research will be necessary to achieve this autonomy. New investments in locally generated technology represent not just a path to sustainable food security for the rural poor in these countries; in today's knowledge-driven world, such investments are increasingly the key to independence itself.

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A Removable Feast

C. Ford Runge and Benjamin Senauer

FOOD SECURITY AND TRADE

THE DEBACLE of the World Trade Organization's meeting in Seattle last year underscored how much can go wrong with world trade—and how insecure the future of trade liberalization has become. America's overreaching unilateralism offended delegations from around the world and undercut the multilateral premise of the gathering. Seattle's timing and location were equally disastrous, in contrast to the carefully planned (and relatively secluded) launch of the Uruguay Round, which began in 1986 in Punta del Este. And the industrial nations, led by the United States, did not even address one of the most vital issues: how developing countries can use technology and freer trade to better feed their populations. This need for "food security" touches on almost all the hot-button issues surrounding trade—especially agricultural trade liberalization and genetically modified (GM) food—yet the American media barely noted it.

What does food security entail? First, it involves improving a developing nation's access to cheaper food from comparatively advantaged exporting countries. It is generally more efficient and cheaper than self-sufficiency, in which a nation tries to produce all crops that its population needs, regardless of the cost or the country's natural endowments. Food security also requires that richer countries lower

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their tariffs on all goods from developing countries so that emerging markets can earn cash to import the food they need. Finally, the drive for food security should tap the potential of GM technology for developing countries to both enhance nutrition and boost agricultural output.

Rather than ushering in a new era in global economic interdependence, however, Seattle exacerbated the insecurity and palpable alienation among developing countries. The influence of environmental and labor groups was hurt by the presence of their radical fringes, which confirmed the worst fears of developing countries: that turtle suits and dolphin costumes are really forms of protectionist cross-dressing. It may have been a "defining moment" for the diverse array of groups who see the WTO as a symbol of multinational corporate power, but it is difficult to understand what exactly the moment defined. The summit did nothing but highlight the disarray among policymakers over trade issues. Back when trade policy was the realm of diplomats and economic experts, at least bids and offers were made. In contrast, the Seattle battleground resembled a war of many clans—with no winners and no breakthroughs.

CALLING MALTHUS

AMID THIS IMPASSE, a troubling problem at the heart of the trade policy debate is left unanswered. Notwithstanding current surpluses and depressed commodities prices, the world may become less able to feed itself in the 21st century. The International Food Policy Research Institute estimates that about 73 million people will join the world's population every year between 1995 and 2020, increasing it by 32 percent to 7.5 billion. Almost all the population growth will occur in developing countries, and much of it will be urban. Fortunately, per capita incomes will also increase, especially in developing countries. This will allow households to purchase more meat and animal products; demand for meat alone in the developing world is projected to double between 1995 and 2020. But to meet the needs posed by population and income growth, the world will have to produce 40 percent more grain by 2020. With yield increases slowing from the heady days of the green revolution in the 1970s, only about one-fifth of this increase is likely to come from expanding the amount of land under cultivation.

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In this context, trade will be increasingly vital to food security. Because cereal production in the developing world will not keep pace with demand, net cereal imports by developing countries will need to almost double between 1995 and 2020 (to nearly 200 million tons) to fill the gap. Net imports of meat will need to increase to 6.6 million tons, or eightfold. Although many antitrade activists in Seattle advocated a return to locally produced goods, including food, the hard truth is that developing countries need freer trade to feed themselves. The United States will continue to be central to this task; in 2020, about 60 percent of world net cereal imports will still come from the United States. This role does not simply reflect American dominance as a comparatively advantaged producer of grains and livestock. Eastern Europe, the former Soviet Union, the European Union, and Australia will also substantially increase their net exports. But if any of them, notably the former Soviet Union, fails to do so, the burden of supplying the rest will fall even more on net exporters like the United States.

Assuming that production and trade keep pace with demand, per capita food availability in most developing countries will rise by about 10 percent from 1995 to 2020. Despite this, 135 million children under the age of 5 are projected to remain hungry in 2020, especially in sub-Saharan Africa and South Asia. In Africa, their number is projected to increase 30 percent by 2020. If production and trade do not keep pace with demand, a Malthusian specter of rapid population growth and dwindling food supplies could emerge. Even under the projections noted above, stagnating yield increases and growing demand will mean that real prices for food could actually rise, rather than fall as they have during the past quarter century. All these trends, which brought a boon to consumers when they lowered food prices, are unlikely to persist in the next century.

The challenge of food security is therefore a race between productivity and populations with rising incomes. Here is where trade can make a difference. It enables food—primarily grain—to move from areas of surplus to areas of deficit, allowing the deficient regions to feed themselves as long as they can pay. Expanded access to rich-country markets also increases the export earnings of developing countries by raising the cash needed to buy food and other goods. Conversely, anything that restricts this movement or reduces the ability to pay for food imports will damage this capacity.

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Despite the tremendous significance of food security to trade, Seattle showed that the deep rifts over agricultural subsidies and market access, especially between the United States and the EU, remain largely unresolved. It also underscored the fact that environmentalists, who came to the negotiating table late in the Uruguay Round, now intend to be fully heard in agriculture as well as in other negotiating areas, even if they do not yet speak with a clear voice. Finally, Seattle made it clear that biotechnology—whatever it may augur for world agriculture—will be aggressively opposed as a symbol of globalization.

The protesters in Seattle ignored the fact that trade can help the much larger and more pressing issue of food production and security. The world's ability to feed itself will rely on the international community's willingness to use trade as a way of moving food from surplus to deficit regions. It will also depend on whether countries adopt policies to sustain water, land, and forests and whether farmers turn to GM crops. In short, food security will emerge either as a consensus objective of international economic policy or as another battleground among competing national interests.

GOING IT ALONE

A GOVERNMENT'S PERCEPTION of national interest too often causes it to hoard food stocks and artificially encourage production, ostensibly to buffer consumers against food shortages and increases in market prices. Even where the international market offers a source of food at cheaper prices, dependence on external sources is anathema to many politicians and their constituents in both the North and the South. Food self-reliance, even with its demonstrably higher costs, is a popular form of nationalism. Even when countries are net exporters of food—as is the United States—it is not unusual to see protectionist regimes erected for commodities in which foreign competition is seen as a threat. Prime examples are the U.S. sugar, wool, and mohair programs, which have been defended on national-security grounds as though they were government stores of strategic metals.

The appeal to self-sufficiency is even greater where historical memories of privation and food shortage exist, as in Europe and Japan. A net food importer after World War II, Europe established

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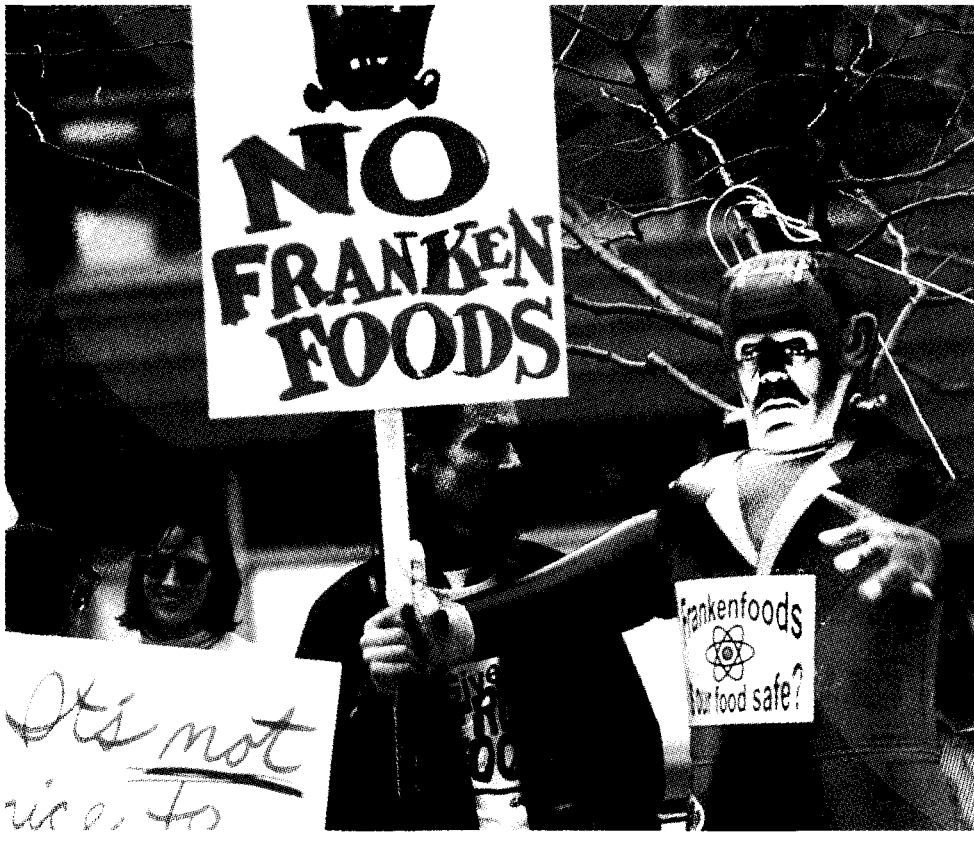

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Protectionist cross-dressers? Protesting GM food, Chicago, November 1999

a protectionist regime that encouraged domestic food production to reduce dependence on the rest of the world. Unfortunately, this system survived as Europe became a net exporter of wheat in the late 1970s. Surplus food was then subsidized for export to clear European markets. This created a domestic constituency dedicated to perpetuating both domestic and export subsidies, setting the stage for continuing battles with the United States, Canada, Australia, and others. Japan, the largest net importer of U.S. agricultural products, still clings to a rice policy that grossly subsidizes its domestic production and shuts out cheaper rice from abroad.

Among developing countries, India represents an especially striking case of the pitfalls of self-sufficiency. Efforts to raise food production and reduce reliance on imports have dominated every five-year plan since the country's independence in 1947. With substantial government subsidies to wheat and rice, largely to the exclusion of other crops, India's wheat production is now ten times what it was

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in 1947. Today, it is the world's second-largest producer of rice, and it ties the United States as the second-largest producer of wheat. It has reduced food imports from a high of 10.5 percent of production in 1965 to almost nothing, and it even became a net exporter of both wheat and rice for a spell in 1995. Yet behind these achievements lurk more disturbing trends. As wheat and rice production and consumption have grown, production and consumption of important protein-rich foods—chickpeas, pigeon peas, mung beans, and lentils—have fallen. In fact, from 1960 to 1995, per capita supplies of protein from all plant products increased only modestly, from 47.3 to 48.7 grams a day; supplies of critical amino-acid proteins actually fell from 9,384 to 8,790 milligrams a day. As a result, more than half of the country's population is short of energy requirements and three-quarters do not meet minimum protein requirements; 624 million Indians remain malnourished. If India truly wishes to feed its citizens properly, it must accept greater food imports as a more rational and cheaper alternative to domestic wheat and rice subsidies.

India is not alone. Self-sufficiency has reduced many nations' reliance on international trade as a source of cheaper food, allegedly on the grounds that the international market is insecure. But these schemes of hoarding and protection ultimately destabilize the international market, further reinforcing this sense of insecurity. Granted, freer global trade in food grains is not a sufficient condition for food security, especially when the low purchasing power of poor countries constrains access to these supplies. But it is a necessary step toward securing cheaper and more diverse sources of food.

Sadly, the aversion that many developing countries have to food imports has less to do with such imports' purported instability than with their governments' aversion to free markets in general. Even if countries could benefit unilaterally by opening their domestic food markets, most politicians believe that no country should unilaterally "disarm" unless other countries make matching concessions. Hence, those countries at comparative disadvantage continue to insist that their trade barriers can be lowered only when others have made concessions—despite the economic logic of comparative advantage. Each nation waits for others to make the first move toward liberalized trade before moving itself.

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MAKING THE ROUNDS

GIVEN THE RESISTANCE to abandoning food self-sufficiency, countries need a mechanism for entertaining bids and offers in order to reach mutual concessions and break out of the food-security dilemma. This has been the role played by trade agreements, beginning in 1947 with the General Agreement on Tariffs and Trade (GATT), where bids and offers within and across sectors were swapped to achieve an ultimate package. Rather than realizing the neoclassical free-trade dream, GATT was about mutually managed mercantilism based on compromises. The same now applies to its successor, the World Trade Organization (WTO).

Unfortunately, agriculture has always been one of the biggest sticking points. For the first seven rounds of GATT negotiations, until the Uruguay Round of 1986–93, agriculture remained largely off the table at the behest of the Americans and the Europeans, who argued that the topic was too sensitive to be subjected to the disciplines applied to manufacturing. The agricultural export-subsidy wars of the 1980s, which were brought on by European commodity surpluses, ended this mutual silence and created the conditions needed to tackle agricultural subsidies. Throughout the Uruguay Round, European agricultural interests supported the American NGOs that would do their bidding, arguing that freer trade harmed U.S. farmers as well as European ones. Yet this view was largely rejected by most (although not all) U.S. farming interests, which supported expanded U.S. agricultural exports. In the end, major liberalization still eluded negotiators, despite some modest arrangements on export subsidies, market access, and sanitary and phytosanitary measures.

At the same time, environmental issues that touched agricultural trade liberalization began to emerge. This linkage arose partly from a burgeoning perception that growth through trade would undermine environmental quality, leading to a worldwide "race to the bottom." Although this pessimistic argument was not supported by empirical evidence, it retained a large following among environmental protectionists. In contrast, more optimistic groups saw a chance to protect environmental resources by using liberalization to enforce environmental oversight. But neither side

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dealt explicitly with how trade affected agriculture or food security—until the emergence of the GM debate.

GM food has now became a cause célèbre for consumer groups that had been relatively uninvolved in trade policy, lending strength to a coalition of antitrade activists that includes labor, environmentalists, and left- and right-wing groups anxious to protect national sovereignty. This new combination of forces has successfully used the "Frankenfood" issue to mask its protectionist elements while posing as the enemy of corporate multinationals.

The initial opposition to GM food grew in Europe. It aimed first at American multinationals like Monsanto, one of the leading sellers of genetically modified corn, soybeans, and cottonseeds. When Monsanto indicated the possibility of a "terminator" gene that would render the offspring of GM plants sterile (thereby preventing farmers from producing seeds for replanting), a coalition of developing countries and European farmers formed to develop new trade barriers against the spread of these crops. Environmental pessimists now claim that GM technology could spread unwanted resistance to weeds and insects beyond the target species, potentially creating "superweeds" and other unwanted ecological side effects. For their part, consumer groups argue in fairly vague terms that GM food poses a threat to basic health and food-safety regulations. These activists also see GM issues as useful in getting traction from other groups to oppose trade liberalization, whether or not these allies are concerned with food.

The new opposition threatens much more than the bottom line of companies such as Monsanto. It creates new problems for exporters of GM crops in the United States and elsewhere who had adopted the technology with enthusiasm, and for researchers who bet millions of dollars on the potential to help address disease and production issues for developing-world farmers. Most alarming is that these groups fail to understand what this discovery could do for developing countries. For example, new technology that raises beta carotene levels in rice—the world's most widely consumed grain—could effectively wipe out Vitamin A deficiencies within a decade. This would affect the lives, and prevent the deaths, of millions of poor children in developing countries—if the technology can be successfully transferred to traditional rice growers.

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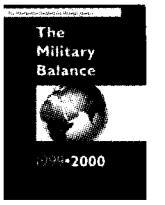

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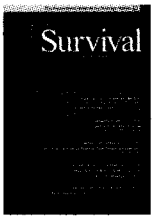

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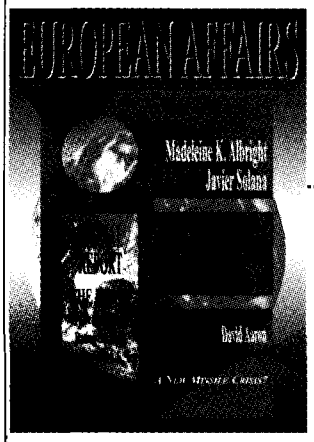

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Despite the questions surrounding it, the rapid adoption of GM technology since 1996 suggests that it greatly appeals to farmers, at least in developed countries. Since then, the United States has seen the rapid commercial introduction of GM corn, cotton, tomatoes, and soybeans. By 1998, more than 500 genetically modified plant varieties were available in the United States, accounting for 28 percent of the land (2.57 million hectares) devoted to maize, soybeans, and cotton. Other countries, led by Argentina and Canada, also began planting hundreds of thousands of hectares with GM crops. These crops rapidly entered the supply chain for processed foods using corn, soybean, or cottonseed oils. Today, some 70–100 percent of processed foods everywhere may contain some GM material.

In the developing world, the appeal of GM food remains uncertain despite the long-standing efforts of major funders, such as the Rockefeller Foundation, to harness the technology to aid poor farmers. Unfortunately, most developing countries possess few technical resources to develop their own scientific and management capacity for biotechnology. Doing so would need substantial flows of capital, human resources, and scientific information and expertise across national borders. Multinational companies heavily invested in GM technology could help by establishing training fellowships for scientists, bolstered by international agreements to protect the intellectual property rights of both companies and developing countries. Yet even if the South clears the technological hurdles to developing GM food, it may face continuing NGO opposition in the North.

The GM issue connects agriculture, trade, the environment, and food security to form a complex relationship that cries out for a global structure of rules and disciplines. This is precisely what the much-maligned WTO system can provide. At the same time, these "Frankenfoods" have become central to the new protectionist case against the world trading system. The only way out of this quagmire is for the WTO to incorporate the successful concession-based approach of the past and tie food security and GM issues into a broader framework of regulations for trade, intellectual property, and the environment. The global problem posed by food security is inextricably linked to the development of the rules and agreements that operate at a level higher than the nation-state. Food security is a problem of collective

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national action that can be pursued only through multilateral policies, just like international commerce or environmental issues.

GIVE A LITTLE

To PROVIDE all these global collective goods, nation-states must be willing to grant concessions through negotiated agreements. In turn, these concessions should be seen as reciprocal contributions to a balanced package. For this tactic to work, countries must develop new forums or build up existing institutions to maintain the necessary multinational infrastructure.

The first and most obvious step is to secure the commercial concessions under the terms of the WTO's next round of multilateral negotiations. In particular, progress must be made in agriculture toward increased market access and reduced export subsidies. Like the Uruguay Round, the next set of trade negotiations will face major resistance from farming interests, especially in the EU. Nevertheless, increasing food security will require agricultural trade liberalization—and over time an end to the price instability generated by tariff distortions.

Although recent measures such as Congress' Africa trade bill promise additional assistance to the poorest countries, the effectiveness of development aid is dwarfed by the potential for significant increases in access by all developing countries to rich countries' markets. This will require the dismantling of protectionist regimes in the United States and the EU for sugar, peanuts, textiles, and other commodities in which many developing countries hold comparative advantages. If these countries are allowed to expand their exports—rather than receive handouts—they will find a new engine of growth. A 10 percent increase in market access to U.S. sugar markets for Caribbean producers would do more to raise incomes in the Caribbean basin than has all of the development assistance provided in the last 25 years.

Second, NGOs are correct in pointing out that new multilateral institutions must learn to deal with environmental challenges. They are wrong, however, in believing that the WTO should bear the blame. It is unreasonable and unwise to expect the WTO to assume responsibility for environmental issues unless they impinge directly on trade. Even then, it is doubtful that the WTO can tackle the manifold

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complexity of international environmental issues. For these reasons, many environmentalists have now joined the former director-general of the WTO in calling for a separate entity to address the need for rules on ecological interdependence, just like the WTO addresses the need for rules on commercial interdependence. A new "Global Environmental Organization," for example, would create a central authority to organize the hundreds of existing environmental agreements and protocols.

Among other things, such an organization could assess the environmental implications of the expanding market for GM foods. Governments and the private sector will likely need to respond to calls for the labeling of foods and seeds. A system is therefore needed that could effectively use and develop GM technologies while allowing consumers to reject them if they wish. A Canadian survey of 8 countries found significant variation in consumer attitudes. For example, although 68 percent of all respondents said they would be less likely to buy groceries labeled as GM products, national responses ranged from a low of 57 percent in the United States to 82 percent in Germany. But the combination of consumer choice with freer trade would remove the chance that the GM issue could be exploited for protectionist purposes; consumers could choose between GM food and organic products without resorting to trade discrimination. As Alexander Haslberger, a leading European expert on biotechnology, noted in a recent contribution to *Science,* the significant public opposition to GM food will require that the industry adopt honest and appropriate labeling if it wants to avoid consumer resistance. One possible multilateral response could be under the auspices of the new biosafety protocol—or the U.N. Food and Agriculture Organization's Codex Alimentarius—to harmonize differing national standards.

Food security cannot be used as an excuse to restrict market access.

The Montreal talks last January, when more than 130 countries agreed on the Biosafety Protocol to the Convention on Biological Diversity, were a good start. The protocol discusses the environmental risks and benefits in biotechnology and creates a framework to protect biodiversity in developing countries. But many unanswered questions

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remain. Most prominent is whether the new protocol will allow a protectionist loophole for a "precautionary principle" that bars GM-food trade even if scientific evidence of harm is insufficient. Another central issue is the balance between trade restrictions justified on environmental or health grounds and the larger obligations of nations to trade without discrimination under the WTO.

Last, the issue of food security itself cannot be used as an excuse to restrict market access. Nor can it be used to subsidize production in ways costly to the countries that need trade liberalization the most. But to reassure the countries and their citizens who are fearful of market forces, rules must be in place to provide guaranteed access to food in times of emergency. This can be accomplished by multilateral grain-sharing agreements that guarantee emergency concessionary terms. Here, as elsewhere, governments and the private sector must make a collective commitment to allay the fears of developing countries and address the calls of those most mistrustful of market forces and the dark side of globalization.

Since developing countries now account for three-fourths of the WTO member nations, new trade agreements will not be reached without their support. The developing world has the power to block future WTO accords that they perceive as hostile to their interests. Given that food security is a major concern in many of these countries, a trade commitment to enhance this basic need could generate the goodwill necessary among developing countries to facilitate their cooperation across a range of global issues. A precondition for successful international cooperation is that all participants perceive a net benefit. True, not all countries gain equally from every international accord; in some instances, they may lose on specific issues. But commitments to food security could provide enough gains seen as necessary by developing countries to win their cooperation on a range of other issues important to the industrial nations, such as the environment and intellectual property rights.

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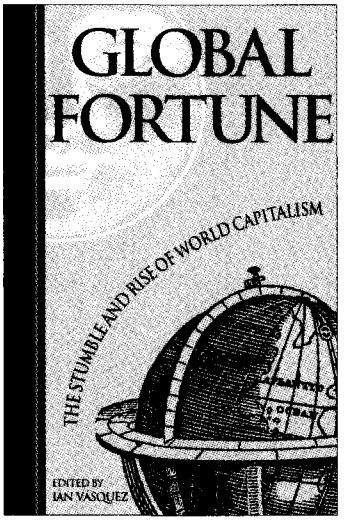

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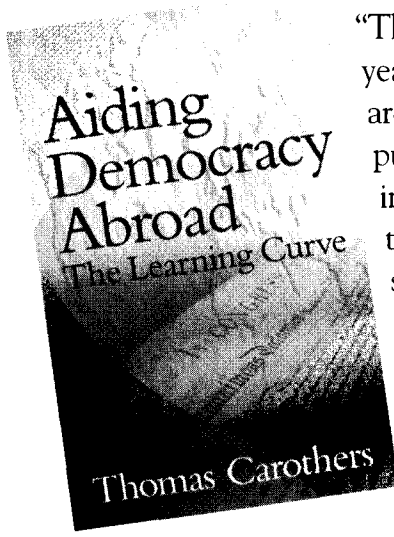

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globalization, and traditional political thinking still based on the nation state." Bridging this gap has thus far escaped the presidential candidates, whose international views are simply extensions of domestic interest-group politics. A larger and more comprehensive multilateral vision, which recognizes a legitimate and growing role for developing countries—and food security in particular—would ultimately benefit the United States. Realizing this vision will require more and better international institutions, not fewer and worse ones.

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Ethnic Warfare on the Wane

Ted Robert Gurr

A NEW WAY TO MANAGE NATIONALIST PASSIONS

In November 1999, Indonesia's new president, Abdurrahman Wahid, promised in both Jakarta and Washington to hold a referendum on autonomy in the secessionist province of Aceh. His government reportedly started negotiating with representatives of the Free Aceh movement—something flatly unthinkable under Wahid's autocratic predecessor, Suharto.

Wahid's actions are hardly isolated. Indeed, they bespeak a new global strategy to contain ethnic conflict. Its essential principles are that threats to divide a country should be managed by the devolution of state power and that communal fighting about access to the state's power and resources should be restrained by recognizing group rights and sharing power. The conventional wisdom, of course, is that tribal and nationalist fighting is still rising frighteningly. But in fact, the rash of ethnic warfare peaked in the early 1990s—countered, in most regions, by the application of these principles.

The brutality of the conflicts in Kosovo, East Timor, and Rwanda—and the messiness of the international responses to them—obscures the larger shift from confrontation toward accommodation. But the trends are there: a sharp decline in new ethnic wars, the settlement of many old ones, and proactive efforts by states and international organizations to recognize group rights and channel ethnic disputes into conventional politics. In Kosovo and East Timor, intervention was chosen only after other means failed. The fact that

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the United States, NATO, the United Nations, and Australia intervened was itself a testament to the underlying premise that managing ethnic conflict has become an international responsibility.

Evidence about the shift toward accommodation comes from tracking some 300 politically active ethnic and religious groups over half a century.[1] The eruption of ethnic warfare in the early 1990s was the culmination of a long-term general trend that began in the 1950s and peaked shortly after the end of the Cold War. The breakup of the Soviet Union and Yugoslavia opened the door to new ethnic and national claims, and about a dozen new ethnic wars erupted in the erstwhile Soviet empire between 1988 and 1992. In the southern hemisphere, more than two dozen ethnic wars began or resumed in roughly the same period, most of them not directly related to the end of the Cold War.

By mid-decade, a strategic shift was under way. Over the course of the 1990s, the number of ethnic groups using violent tactics fell modestly (from 115 to 95). But a more important indicator was the balance between escalation and de-escalation: of the 59 armed ethnic conflicts under way in early 1999, 23 were de-escalating, 29 had no short-term trend, and only 7 were escalating—including Kosovo. By the late 1990s, the most common strategy among ethnic groups was not armed conflict but prosaic politics.

Another way of tracking the trends is by timing when new episodes of ethnic and political conflict start. Two-thirds of all new campaigns of protest and rebellion since 1985 began between 1989 and 1993; few have started since. The decline in new protest movements foreshadows a continued decline in armed conflict. Recent history shows that ten years of nonviolent political action generally precede the start of a new ethnic rebellion. Since the number of new ethnically based protest campaigns has declined—from a global average of ten per year in the late 1980s to four per year since 1995—the pool of potential future rebellions is shrinking.

A third perspective on the overall trends comes from examining wars of self-determination, such as those in Aceh, Sri Lanka, southern

[1] All evidence herein comes from the Minorities at Risk Project. The data and interpretations are reported in greater detail in the author's forthcoming book, *Peoples Versus States: Minorities at Risk in the New Century,* forthcoming from the United States Institute of Peace Press. Coded data, chronologies, and assessments for all groups are available from the project's Web site at www.bsos.umd.edu/cidcm/mar.

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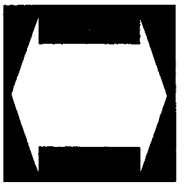
Trends in Ethnic Conflicts in 1999

23 de-escalating



29 remaining constant

7 escalating (includes Kosovo)

Sudan, and Nagorno-Karabakh. Their protagonists claim the right to their own communally based zones or demand unification with their ethnic kindred across state borders. These wars are among the most deadly and protracted of all ethnic conflicts, and their spillovers have posed the greatest regional security threats of the post–Cold War decade. But they also are being contained. Between 1993 and the beginning of 2000, the number of wars of self-determination has been halved. During the 1990s, 16 separatist wars were settled by negotiated peace agreements, and 10 others were checked by cease-fires and ongoing negotiations. Fewer separatist wars are being fought today—18 by my count—than at any time since the early 1970s. This steep decline puts the Kosovo rebellion in perspective. The bombings and ambushes by the Kosovo Liberation Army in late 1997 started the only new ethnic war in Europe since 1994.

Less visible than the shift toward settling separatist wars is a parallel trend toward accommodating ethnic demands that have not yet escalated into armed conflict. Leaders of ethnic movements appeal to minorities' resentment about rights denied—political participation, autonomy, and cultural recognition. In the 1990s, separatists almost always justified such claims by invoking international norms. But minority groups are doing better these days, so such appeals now sometimes fall on deaf ears. Discrimination eased for more than a third of the groups monitored by the Minorities at Risk Project between 1990 and 1998, mainly because governments formally recognized and guaranteed their political and cultural rights. The new democracies of Europe, Asia, and Latin America were especially likely to protect and promote minority rights. Even authoritarian governments were not immune to this trend, especially in Asia. Vietnam and Indonesia both lifted some restrictions on their Chinese minorities, although

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for reasons that had more to do with improving relations with mainland China and maintaining access to Chinese capital than any newfound fealty to group rights. Still, the overall trend is unmistakable: ethnic conflict is on the wane.

THE NEW NEW THING

No "INVISIBLE HAND" guided the global decline in serious ethnic conflict during the 1990s. Rather, it was the result of concerted efforts by a great many people and organizations, including domestic and international peacemakers and some of the antagonists themselves. Relations between ethnic groups and governments changed in the 1990s in ways that suggest that a new regime governing minority-majority relations is being built—a widely held set of principles about how to handle intergroup relations in heterogeneous states, a common repertoire of strategies for handling crises, and an emerging domestic and international consensus on how to respond to ethnic repression and violence.

The first and most basic principle of this emerging regime is recognizing and actively protecting minority peoples' rights. This means freedom from discrimination based on race, national origin, language, or religion; it also entails institutional remedies that organized ethnic groups can use to protect and promote their collective cultural and political interests. A corollary is the right of national peoples to exercise some autonomy within existing states. After all, it follows that if minorities who make up a majority of one region of a multiethnic democracy have the right to protect and promote their collective interests, they should have the right to local or regional self-governance.

Western democracies have taken the lead here. After World War II, the Atlantic democracies emphasized the protection of individuals, but during the early 1990s, Western advocates shifted their emphasis from individual rights to the collective rights of national minorities. The Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe adopted standards in 1990–95 that prohibit forced assimilation and population transfers, endorse autonomy for minorities within existing states, and acknowledge that minority

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claims are legitimate subjects of international discussion at both U.N. and European regional organizations.

Virtually all European democracies have implemented these principles. In the first stage of democratization in postcommunist Europe, some ethnic leaders manipulated democracy to stoke nationalist passions at the expense of minorities like the Russians in the Baltics, the Hungarians in Slovakia and Romania, and the Serbs in Croatia. In most of these countries, a combination of diplomatic engagement by European institutions and elections checked the new wave of discrimination. The status of Hungarians in Slovakia and Romania improved markedly in the late 1990s, when old-line communists-turned-nationalists were ousted by coalitions that included ethnic parties. European diplomatic initiatives and OSCE missions helped persuade Baltic nationalists to moderate their treatment of Russians. Croatia's new, more moderate government today promises to respect the minorities that suffered from former President Franjo Tudjman's ultranationalism. That leaves Serbia as the last holdout, and once Slobodan Milošević's successor takes office, the Serbian government, too, will probably give more than lip service to minority rights.

For several reasons, however, creating autonomy within the state for minorities is harder than simply banning discrimination. Most governing elites want to hold on to central authority. Many also fear that autonomy will lead to outright secession. Finally, negotiating arrangements that satisfy all parties and address each situation's unique quirks is not easy.

The second fear—autonomy as a slippery slope—is not supported by the facts on the ground. In very few contemporary instances did negotiated autonomy lead to independence. Sometimes an autonomous regional government pushes hard for greater authority, as the Basques have done in Spain. But the ethnic statelets that won de facto independence in the 1990s—Somaliland, Abkhazia, the Trans-Dniester Republic, and Iraqi Kurdistan—did so in the absence of negotiations, not because of them. Those truly looking to reduce ethnic bloodshed should embrace autonomy, not fear it.

There are now many models of autonomy agreements to draw on. The best-known such pacts were reached through negotiated settlements of wars of self-determination, like the Oslo accords between Israel

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and the Palestine Liberation Organization and Northern Ireland's Good Friday agreement. Less has been written about the conflict-containing agreements that established a federal state for India's Mizo people in 1986, an autonomous republic for the Gaguaz minority in Moldova in 1994, and regional autonomy for the Chakma tribal group in Bangladesh's Chittagong Hills in 1997.

Some authoritarian leaders have also recognized that negotiations can end protracted conflicts. In the mid-1990s the junta that rules Burma concluded cease-fire agreements and offered concessions that checked protracted separatist rebellions by the Kachin and Mon peoples of northern Burma, although similar efforts failed to end resistance by the more numerous Shans and Karens who live in the south and east of the country.

Most recent ethnic wars began with demands for complete independence and ended with autonomy.

In most recent wars of self-determination, fighting usually began with demands for complete independence and ended with negotiated or de facto autonomy within the state. There are many reasons why most ethnic nationalist leaders are willing to settle for 50 cents (or less) on the dollar, but it usually comes down to being strategically and politically overmatched. Nationalists willing to continue fighting for total independence, like the rebel leaders in Chechnya and East Timor, are rare. Central governments, on the other hand, tend increasingly to conclude that it is cheaper to negotiate regional and cultural autonomy and redistribute some funds than it is to fight endless insurgencies—especially when other states and international organizations are encouraging them to negotiate. The Turkish government's obdurate resistance to organized Kurdish political participation has become an anachronism; even Saddam Hussein is more open to cooperation with (some) Kurdish groups than Turkish nationalists are.

If the parties in separatist wars recognize that the costs of accommodation are probably less than the costs of prolonged conflict, it is only a short step to mutual decisions to settle after an initial show of forceful resolve rather than after prolonged warfare. Gagauz and Moldovan nationalists came to such a conclusion in 1992, as did Tuareg rebels and the governments of Mali and Niger in the mid-1990s.

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Nationalist Serbia became the pariah state and the bombing range of Europe in 1999 precisely because it refused to negotiate with the Kosovars throughout the 1990s and (most immediately) blatantly violated principles about group rights accepted elsewhere in the region.

Protecting collective rights is one of the three elements of the new preferred strategy for managing ethnic heterogeneity. Democracy is another; it provides the institutional means whereby minorities in most societies secure their rights and pursue their collective interests. Of course, other institutional mechanisms can protect groups' interests—take, for example, the communal power-sharing arrangements found in many nondemocratic African states. Nonetheless, European-style democracy is widely held to be the most reliable guarantee of minority rights. It is, after all, inherent in the logic of democratic politics that all peoples in heterogeneous societies should have equal civil and political rights, and democracy also implies resolving civil conflicts by peaceful means.

ACCOMMODATING BEHAVIOR

A THIRD ELEMENT of this new regime is the principle that disputes over self-determination are best settled by negotiation and mutual accommodation. One of democratic Russia's most important but least-noticed achievements has been its negotiation of power-sharing agreements with Tatarstan, Bashkiria, and some 40 other regions in the Russian Federation, only some of which have non-Russian nationalities. The agreement between Russia proper and Tatarstan went the greatest symbolic distance: strikingly, it actually treated the parties as equals. (This pact could and should have been a model for settling the dispute between Moscow and Chechnya, but Chechen leaders were interested only in total independence.)

The principle that serious ethnic disputes should be settled by negotiation is backed up actively by most major powers, the U.N., and some regional organizations, especially in Europe and Africa. These entities mix diplomacy, mediation, sweeteners, and threats to encourage accommodation. Preventive diplomacy is widely popular—not only because early engagement can be cheaper than belated crisis management but because it is the preferred instrument of the new regime.

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Coercive intervention, as in Kosovo, is the international system's response of last resort to gross violations of human rights and to ethnic wars that threaten regional security.

Four regional and global forces reinforce the trend toward accommodation in mixed societies. First is the active promotion of democratic institutions and practices by the Atlantic democracies. Modern democracies fight one another rarely and temper their repression against internal opponents. Before-and-after comparisons of national and minority peoples in new democracies show that their status usually improves substantially during democratic transitions.

A second buttressing factor is engagement by the U.N., regional bodies, and interested nongovernmental organizations on behalf of minority rights. International entities such as the OSCE, the Council of Europe, the Organization for African Unity, and the Organization of the Islamic Conference have often used diplomacy and mediation to soften their members' policies toward minorities and move ongoing conflicts toward agreement. The Organization of the Islamic Conference, not usually considered a peacemaker, was for two decades the key international player supporting a negotiated settlement to the Muslim Moros' separatist war in the Philippines.

Third is the virtually universal consensus among the international political class—the global foreign policy elite—in favor of reestablishing and maintaining global and regional order. Empire-building is out of fashion. Interstate rivalries in the 1990s focused mainly on economic productivity and competition for markets, and wars of any stripe threaten regional order and prosperity. Hence the U.N., the United States, regional powers, and the regional organizations of Europe, Latin America, and Africa have sought to contain local conflicts by preventive measures where possible and by mediation and peacekeeping where necessary.

Finally, the costs of ethnic conflict have become evident to both governing elites and rebel leaders. The material and social costs of civil war have been bitterly acknowledged in countries where postwar settlements are taking hold—in Bosnia, the Philippines, Mozambique, and elsewhere. The lesson drawn by outside observers of the mid-1990s war in Chechnya was that the Russian military could not defeat highly motivated guerrillas—remember Afghanistan. But the lesson

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the protagonists in Chechnya should have learned was that the war was not worth fighting; neither side gained much that could not have been won through negotiations before the Russian tanks rolled. Caution about the likely costs of war and the unlikely chances of victory on either side probably helped check ethnic rebellions elsewhere on Russia's periphery and in most Soviet successor states. NATO's spring 1999 campaign against Serbia conveyed a similar message to other states whose leaders have refused to compromise with ethnic nationalists. The lesson has reached as far as Beijing, where the Kosovo crisis reportedly prompted Communist Party officials to begin drafting alternative policies for dealing with restless Tibetans and Uigurs.

NOT SO EASY

OF COURSE, conventional wisdom sees things somewhat differently. Most Western policymakers and foreign affairs analysts view ethnic conflict as getting worse, not becoming more manageable. What about communal warfare and genocide in central Africa, ethnic cleansing in Kosovo, Muslim and Hindu fundamentalism, or regional rebellions in Indonesia? The answer is a paradox. Objectively, there are substantially fewer such conflicts now than in the early 1990s. But they now get more public attention—precisely because they challenge the emerging norms that favor group rights and the peaceful accommodation of ethnic conflicts. Bloody crises also rivet Western publics because they threaten the comforting assumption that the "international community" can guarantee local and regional security.

Why, then, was Kosovo wracked by massacres and ethnic cleansing despite international doctrines of minority rights, past examples of ethnic conflicts that were successfully settled, and a world willing to get engaged? For starters, in no sense was ethnic war in Kosovo unprecedented. Indeed, Kosovo was the most dreaded flash point in post-Bosnia Europe. Empirically, a decade of political activism and protest typically precedes ethnic wars. Kosovo fit the pattern neatly: its ethnic Albanians resisted the dissolution of the province's regional government in 1989 by forming a parallel government, but the first Kosovar terrorist attacks did not begin until 1997. Large-scale armed conflict began a year later. Milošević's ultranationalist policies and

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intransigence fundamentally contradicted European and international principles about minority rights, but international attempts to prevent calamity faltered. True, the Bush administration warned the Yugoslav government in December 1992 not to repress the Kosovars, but the issue was not addressed in the 1995 Dayton Accord that the Clinton administration negotiated to end the war in Bosnia, and the Serbs' October 1998 preparations for another round of ethnic cleansing elicited little international response. The failure, then, was not so much due to international spinelessness as to sheer disbelief that the Serbs would try it again.

The world system emerging from the settlement of ethnic and regional conflicts is more complex than its Cold War predecessor. So containing ethnic conflict requires more foresight and better-coordinated international responses, as demonstrated in Kosovo and East Timor. The new liberal wisdom holds that sovereignty can be trumped by humanitarianism and that the international cavalry will ride to the rescue of minorities who face genocide. Chechen and Tibetan nationalists remain unconvinced.

The liberal vision is still too neat. Better to think of the system as multilayered, with three interdependent sets of political actors: states; ethnic movements, some within an existing country and some straddling several of them; and the regional and international organizations that are increasingly responsible for managing relations between the other two. States remain the paramount actors, and the powerful among them can still get away with the sort of thing that the Russians are doing in Chechnya and the Chinese are doing in Tibet. But most states, even major powers, are held back by a growing network of mutual obligations regarding minorities, regional organizations, multinationals, and world bodies. Countries that ignore those obligations risk their future world status, prosperity, and amicable foreign relations.

The new regime is not fully developed, and a depressingly long list of states and ethnic movements that reject its principles will challenge it violently. Few states in the Muslim world, for example, are prepared to grant full political and cultural rights to religious minorities. Some protracted ethnic conflicts are almost immune to regional and international influence. The struggles in places such as Afghanistan and Sudan probably will remain intractable unless and until one side wins decisively.

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The odds are against durable settlements for the longstanding conflicts between Kurdish nationalists and Iraq and Turkey or the containment of communal strife between Hutu and Tutsi in Rwanda. Some ethnic wars are being held in check by cease-fires and contested agreements that could easily come apart—consider Georgia, Azerbaijan, Iraqi Kurdistan, Bougainville, or Northern Ireland. South Asia alone is home to a dozen thorny ethnic and political conflicts. Since the 1950s, India has faced a series of separatist challenges, especially in the northeast; no sooner has one movement been accommodated than another emerges. Some conflicts that have been "settled" in the traditional way—by overwhelming force—could flare up again; think of what Burma did in the Karen and Shan states, or of Indonesia's crackdown in the provinces of Aceh and Irian Jaya, or China in Tibet. Repression without accommodation regularly leads to renewed resistance and rebellion, as it did in Indonesia after Jakarta began its democratic transition. So international efforts should focus on helping rulers negotiate with rebellious groups, providing both sides with incentives for choosing autonomy rather than secession.

The world simply did not believe that the Serbs would try ethnic cleansing again.

The greatest challenges to the new international way of containing ethnic conflicts are in Africa. In a vast conflict zone from Sudan and Ethiopia through the Great Lakes region to Angola's highlands and the Congo, rivalries between states and communities form an extraordinarily complex web. The U.N. hopes to send 500 observers and 5,000 peacekeepers to the region to help implement the Lusaka accords and thereby stop the fighting, but this plan ignores the blunt political reality that many of the armed bands do not want their conflicts managed. If the Lusaka accords and the peacekeeping mission were to fail, the credibility of future international attempts to ease the area's misery would be undercut. Instead, the world should concentrate on trying to negotiate settlements on the conflict zone's periphery, notably in Sudan and Angola.

Other challenges lie in West Africa. Revolutionary and ethnic wars have been doused in Niger, Mali, and Liberia but sporadically flare up in Sierra Leone and Chad. The greatest risk here has been that of civil war in Nigeria, which is divided between Muslims in the north and Christians in the south and has many of the factors that elsewhere

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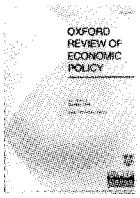

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predict ethnic warfare—a legacy of repressive rule, the emergence of militant ethnic nationalist groups, and a lack of international engagement. The prospects of ethnic war in Nigeria depend on how well its transition to democracy goes. The highest priority for preventive engagement in West Africa should therefore be supporting Nigeria's democratization, in the course of which the Ijaw, Ogoni, and Yoruba peoples' grievances against the northern-dominated regime should be addressed.

This survey highlights the highest-priority ethnic conflicts, which urgently need remedies and preventive action. But by whom and how? The answers depend on which actors have the will, the political leverage, and the resources to act. Kosovo, East Timor, and Chechnya illustrate that the reach of the new strategy for managing ethnic conflict depends equally on whether that doctrine is accepted by the combatants and on the will and ability of regional and international organizations to implement it. International and regional bodies are most likely to effectively prevent conflict in areas where the Western powers have vital interests, which means Europe, Latin America, and the Middle East. African and Asian conflicts are more remote and therefore more resistant to outside influence. The strategy there should be to encourage and assist regional organizations, especially the Organization of African Unity and the Association of Southeast Asian Nations (which, if quietly encouraged, may expand beyond its usual agenda of regional economics). When prevention fails or is not pursued in the first place, the international challenges are different: providing humanitarian aid and keeping the fighting from spreading throughout the region.

AFTER ETHNICITY

THE EVOLUTION of good international practices for managing ethnic conflict is one of the signal accomplishments of the first post–Cold War decade. It also has had some unintended consequences. The most obvious is that accommodation of ethnic claims encourages new groups and political entrepreneurs to make similar demands in the hope of gaining concessions and power. Some latecomers are the Cornish in Britain, the Reang tribe in India, and the Mongols in China—each of which is now represented by organizations calling for autonomy and more public resources. But the pool of potential ethnic contenders is

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not infinite, and we have already heard from most of them. Ethnic identity and interest per se do not risk unforeseen ethnic wars; rather, the danger is hegemonic elites who use the state to promote their own people's interests at the expense of others. The "push" of state corruption and minority repression probably will be a more important source of future ethnic wars than the "pull" of opportunity.

A less obvious threat is the potential emergence of alternative forms of popular opposition. During the last several decades, the entrepreneurs behind ethnic political movements tapped into a reservoir of resentment about material inequality, political exclusion, and government predation and channeled it to their purposes. They drew on some of the same grievances that once fueled revolutionary movements. In fact, some conflicts are hybrids: ethnic wars when seen through one set of analytic lenses and revolutionary wars when seen through another. Leftists in Guatemala recruited indigenous Mayans to fill the ranks of a revolutionary movement, Jonas Savimbi built his rebel movement through the support of Angola's Mbundu people, and Laurent Kabila led a revolutionary army to Kinshasa made up of Tutsi, Luba, and other disaffected tribal peoples in the eastern Congo.

The larger point is that popular support for mass movements is to some degree fungible. All but a few of the Cold War's socialist movements failed, discrediting revolutionary rhetoric and action for most of their target audience, the urban and rural poor. Ethnic-national movements have met greater political success, but their appeal is limited to groups with some prior sense of cultural identity. And since ethnic conflicts tend to end in compromise, disillusionment is inevitable. So the field is open for other forms of mass opposition that may supplant ethnic movements, just as ethnic nationalism in its time preempted most revolutionary movements. Faith, in the form of militant Islam, Christianity, or Buddhism, can also motivate mass movements: consider the Falun Gong, a personal and spiritual movement whose persecution by the Chinese government virtually ensures its politicization. Today, class, ethnicity, and faith are the three main alternative sources of mass movements, and class-based and religious movements may well drain away some of the popular support that now energizes ethnic political movements. With a little bit of luck and a great deal of international engagement, ethnic conflict's heyday will belong to the last century.

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Kosovo Seething

David Rohde

ORDINARY PEOPLE

During February's ethnic killings in Mitrovica, a divided town in northern Kosovo, the local NATO commander blamed militants on both sides for fomenting the violence that left 11 civilians dead. A handful of radicals, he warned, were poisoning relations between average Serbs and Albanians.

"There are extremists who want the peace to fail," French General Pierre de Saqui de Sannes told *The New York Times*. "I am worried that we may be in the process of an escalation of intolerance."

But the events that the general went on to describe suggest that widespread support for the attacks exists among ordinary Albanians and Serbs—not just extremists. An elderly Albanian woman had been caught concealing a Kalashnikov rifle under her skirts, and an Albanian ambulance had tried to smuggle 180 grenades and anti-tank rockets into the divided city. Earlier, after rocket and grenade attacks on a Serb bus and a café, hundreds of Serbs rampaged through the city, killing eight Albanians. A stone-hurling Serb mob then forced American soldiers searching for weapons to beat a hasty and embarrassing retreat.

The general's comments cut to the heart of the troubled NATO and U.N. mission in Kosovo. Can the current policy—quelling extremists on both sides, a quick infusion of resources, and municipal elections—calm the province? Or are Kosovo's problems and hatreds so endemic

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David Rohde has covered the conflicts in the former Yugoslavia for *The Christian Science Monitor* and *The New York Times* and was awarded the 1996 Pulitzer Prize for foreign reporting. He is the author of *Endgame: The Betrayal and Fall of Srebrenica*. Copyright © 2000 by David Rohde.

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that the international mission should either end immediately or shift to a large-scale, long-term effort?

Whether or not one agreed with NATO's bombing last spring, it is clear that the Clinton administration and its European allies must now bolster their efforts in Kosovo. One year on, NATO's largest-ever military intervention appears to be creating a "new Kosovo" that is the polar opposite of the alliance's stated goals. The province remains widely corrupt, lawless, intolerant of both ethnic and political minorities, and a source of instability. The mission in Kosovo is proving even more daunting than the one in nearby Bosnia.

Although extremists on both sides clearly exacerbate tensions, dozens of interviews with average Serbs and Albanians suggest that the problems run far deeper. After ten years of political repression and conflict in Kosovo, there is scant evidence of, or experience with, the rule of law, political moderation, ethnic tolerance, or civil society.

The current middling policies—which involve U.N. rule by consensus, an understaffed criminal justice system, and inconsistent economic aid—are a recipe for quagmire. Western capitals must not minimize the province's deep-rooted problems. The key to stabilizing Kosovo does not lie in political gestures, rushed elections, or short-term steps that keep the province out of the headlines.

The solution will be much more difficult. It requires a firm commitment to a politically aggressive, properly funded, long-term mission that uses the rule of law and economic reform to affect the lives, livelihoods, safety, and, to the extent possible, views of average Albanians and Serbs. Changing the destructive aspects of ordinary people's attitudes is both the most pivotal and the most daunting task the NATO and U.N. missions face in Kosovo.

NEIGHBORHOOD WATCH

JUST HOW the conflict has transformed the lives and attitudes of average people in Kosovo is illustrated by the village of Slovinje and the story of Hysen Krasniqi.

On April 15th, 1999, the 74-year-old farmer and his 34-year-old son, Gafur (an unemployed miner), loaded up their tractor with food and clothing. Until that morning, their bucolic village of 500 Albanian

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and 60 Serb families in eastern Kosovo had stood as an island of relative ethnic tolerance. There had been no fighting in the area between the Kosovo Liberation Army (KLA) and Serb police or soldiers. Local Serbs spoke fluent Albanian—an unusual trait among Serbs—and generally got along cordially with their Albanian neighbors.

On the night of April 14, local Serb leaders had informed Albanians that six tanks would be brought into the village the following morning to hide from NATO jets. The tanks entered the village as planned but were accompanied by Serb soldiers, police, and paramilitaries. At 1:30 p.m., shots rang out, and smoke and flames appeared in the northern section of the village. Hearing the shooting, the elder Krasniqi and his son hurriedly loaded their family onto the tractor. According to Krasniqi, as they drove out of the village they met two uniformed Serbs toting Kalashnikov rifles. One wore a ski mask. Krasniqi said his son told him, "Father, I know him: they're from Slovinje."

The Serb without the mask ordered them to halt, checked the son's identification papers, and handed them back. But before they could continue, the masked Serb barked, "Take him off the tractor and kill him." Without uttering a sound, Gafur climbed down and was led into an adjacent garage. A burst of gunfire erupted. In shock, his father slid behind the wheel of the tractor and drove what remained of his family out of the village.

All told, Serbs in Slovinje reportedly killed at least 35 Albanian men and women in the two-day frenzy. Two months later, with NATO forces streaming into Kosovo, 30 British soldiers from the Royal Irish Regiment arrived in the village. Backed by helicopter gunships, experience in Northern Ireland, and Western rhetoric about the rule of law, the unit and its boyish 26-year-old commander, Lieutenant Graham Shannon, would try to hold Slovinje together as hundreds of embittered Albanians returned to confront the destruction—and their Serb neighbors.

Incensed Albanians soon produced lists with the names of nine local Serbs they said were involved in the killings. Although some of these Serbs had been masked, victims insisted that they could identify them by their voices and mannerisms. The 30 Serb families still in Slovinje, however, insisted that they were innocent.

A day after the arrival of the British, Zoran Stanišić, a 20-year-old Serb, was kidnapped while driving a tractor home. His father, Milenko,

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a soft-spoken 54-year-old man who grew up in Slovinje and spoke fluent Albanian, stormed into the yard of his Albanian neighbors of 20 years, accused them of complicity, and threatened to kill the entire family. Sherife Bytiqi, 48, who had just returned from a refugee camp in Macedonia and denied involvement, broke into tears and begged the NATO troops for protection. Shannon told her he had too few soldiers to provide individual guards and ordered the longtime neighbors to stay away from each other.

"Why would I want them to stay here when they killed my son?"

Stanišić insisted that he had been good to local Albanians, bringing them tea after they fled to the woods. For their part, Slovinje's Albanians admitted that they had no information linking the Serb family to local atrocities. But they speculated that the Stanišićs may have committed crimes in a different village, and that Albanians from that place had now taken revenge.

Five days later, with Albanian threats and looting continuing despite British foot patrols, the Stanišićs became the last Serb family to flee the village. With a tractor loaded with food, clothes, and furniture, their flight mirrored that of their Albanian neighbors months earlier.

By winter the number of NATO troops in Slovinje had more than doubled—but there was no peace for them to keep. The Serb quarter of the village, which includes the Stanišić home, is a charred and gutted ruin. The town's fourteenth-century Serbian Orthodox church has been dynamited. Slovinje's Serbs now live nearby in all-Serb enclaves where youths stone Albanian cars that drive past. Other than a lone Serb detained by Shannon's troops, no one has been arrested for the killings.

Stanišić's Albanian neighbors said that his kidnapped son remains missing. When asked, they said that the burning of his house troubled them—not because they felt it was wrong, but because they feared that flying sparks might ignite their own home. Their biggest concern, however, was the lack of jobs in Kosovo.

Krasniqi, the Albanian whose son was pulled from the tractor and executed, says the two groups could never live together again. "How could I want them to stay here when they killed my son?" he asked, puzzled by the thought. He added that local Serbs are worse than those from Serbia proper. Instead of protecting their Albanian neighbors,

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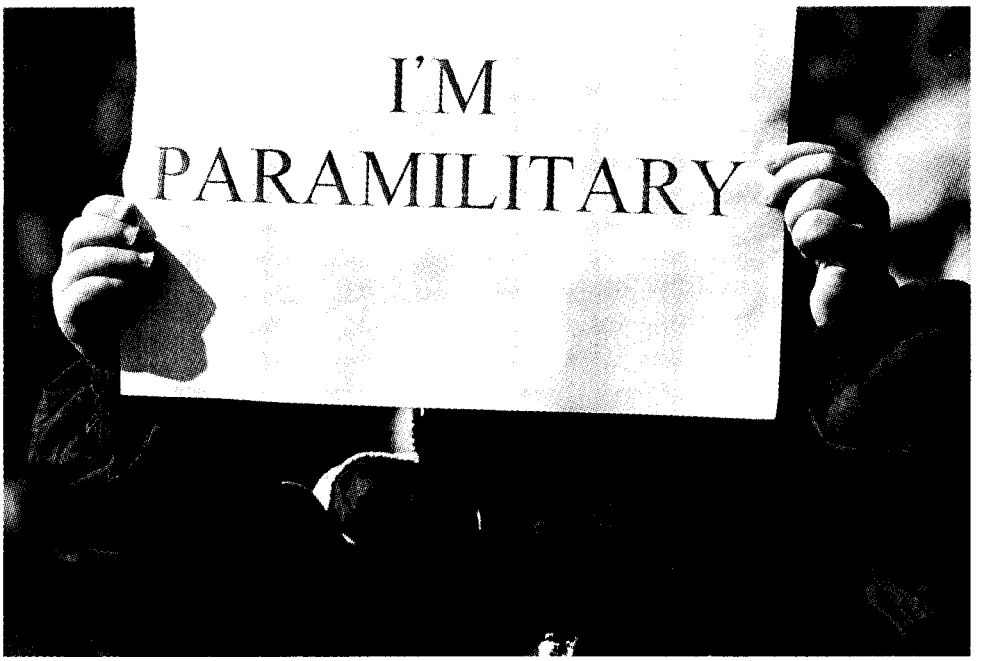

AP/WIDE WORLD PHOTOS

The political is personal: young Serb protester, Mitrovica, Kosovo, February 25, 2000

Serbs from Kosovo facilitated their deaths. "They had a choice," he said, voicing a criticism both sides level at each other. "But they wanted to do it and they did it."

Even if the two men who killed his son were punished for their crimes, Krasniqi said, their relatives should not be allowed to return. "The people who did that have family. They are responsible too," he explained, hinting at the lingering influence of traditional Albanian blood feuds. This outlawed practice, which was gradually reduced under longtime Yugoslav President Tito and halted by Albanians during their struggle against President Slobodan Milošević, holds all male members of a family responsible for one member's actions and typically requires the killing of a family member to be avenged. Later, Krasniqi added, "It's not only these two people and their families who are responsible. It is all the Serbs from Slovijne."

Such views echo those expressed by Albanians and Serbs in other villages and towns. The concept of individualized guilt remains alien in Kosovo. Most Serbs and Albanians whom I interviewed roundly denounced all members of the opposing ethnic group, making little distinction between how individuals acted during the conflict. The lack of arrests on both sides only complicated efforts to assign individual blame.

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Krasniqi and other Albanians did add one caveat that showed a potential for change, however. Illustrating the strength of clan or community ties over individual concerns in rural Albanian culture, they said that if all of their fellow villagers agreed that Serbs could return to Slovinje, they would consent—no matter what their own feelings.

REVENGE UNBOUND

ONE OF THE MOST VISIBLE shortcomings of the international mission has been its inability to halt the reverse ethnic cleansing of Kosovo. Estimates vary widely, but as many as 125,000 of the roughly 200,000 Serbs who lived in Kosovo before the NATO bombing have fled or been driven out. Gypsies, Turks, and Muslim Slavs (known as Goranis), some of whom collaborated with Serb forces, have also been the subject of widespread and indiscriminate attacks. But the Albanian revenge killings, while deplorable, are not equivalent to the preceding Serb campaign. The number of Albanians killed during the NATO bombing is now estimated at 7,000, which vastly outnumbers the 400–500 Serbs NATO calculates have been slain by Albanians in turn. (Serbs themselves put the total at 1,000 Serbs dead or missing.)

But the attacks remain appalling. Albanian leaders—particularly Hashim Thaçi, the former leader of the KLA—appeared at first to condone the bloodshed. According to international monitors, some units of the KLA appear to have carried out killings designed to terrorize Serbs into fleeing. And average Albanians have generally refused to aid U.N. police investigations into Serb deaths, suggesting either complicity, support, or fear of retaliation from nationalists.

The worst unsolved attacks include the killing of a Bulgarian U.N. worker who had dared speak Serbian on the streets of Priština last September. In December, a mob celebrating Albanian independence beat and shot dead a Serb professor—a Fulbright scholar who once taught at the University of California at Berkeley. The professor's 50-year-old wife and 83-year-old mother were so severely beaten in the attack that they suffered broken ribs, arms, and noses, punctured lungs, and concussions, among other injuries. And in February, a Serb doctor and leading political moderate who worked with the

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U.N. was murdered on the streets of Gnjilane, the second-largest town in American-patrolled southeastern Kosovo.

Despite the international presence, Albanian nationalists today seem emboldened while moderates appear cowed. An unreleased public-opinion survey of Kosovar Albanians conducted last October by the U.S. State Department illustrated the depth of the animosity. Of those surveyed, 91 percent said there had been too much damage in Kosovo for ethnic Albanians and Serbs to live together peacefully. Two-thirds said that Serbs who had left Kosovo should never be allowed to return. Questioned about revenge attacks, 71 percent of Albanians blamed the killings on Serb security forces or civilians. Only 9 percent felt that Albanians were responsible. More than half of Kosovar Albanians said they believed that violence against Serbs was justified, and only 38 percent disagreed.

Serb participation and attitudes, for their part, appear no better. Ilija Trajković, a 48-year-old Serb bus driver whose home in Priština is guarded 24 hours a day by British troops, blamed paramilitaries from Serbia for the worst anti-Albanian violence during the NATO bombing. But he was blunt about the sentiment among his Serb neighbors. "When this all started, there was no will among our people to stop it," he said. When asked which Serbs looted their Albanian neighbors' homes, he answered, "Whoever could."

But Trajković, like others, blamed leaders for the violence, particularly Slobodan Milošević and Bill Clinton—not individuals. Voicing a fatalism and passivity expressed by many in Kosovo, he said that the province's future rests in the hands of a few politicians, not its people. "For a simple worker, it's not important who is in the government," Trajković said. "It's important to work and do his job."

SHADES OF GRAY

AMID the seemingly monolithic hostility in Kosovo, nuance does exist. There are examples, albeit few, of the potential for change and restraint. In the town of Štimlje, for example, where 12 Albanians were killed during the NATO bombing and a half-dozen Serbs died in revenge attacks, a moderate Serb and an Albanian have protected each other from nationalists. And the Serb's 13-year-old son saved the life of an Albanian boy nearly killed by a drunken Serb paramilitary.

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Meanwhile, the industriousness of many Kosovar Albanians has turned out to be one of the strongest assets in the struggle to reconstruct the province. The work of middle-class Albanians and the vast amount of capital pouring in from the Albanian diaspora are rebuilding parts of Kosovo faster than are some of the international programs. Many middle-class Albanian professionals, particularly in Priština, exhibit a strong desire for change. They said that intolerance and violence have had broader social repercussions and hurt Kosovo's political development and international reputation. They complained that mass expulsions last spring and the subsequent lawlessness have also left traditionally conservative Kosovar social structures and mores in tatters.

Many Kosovars are disgusted with the lawlessness that has spread in the province, which some blame on the arrival of criminals and gangs from northern Albania. Murder, car theft, and other crimes are common. This winter, young Albanian women in Priština feared venturing out at night, due to rumors that gangsters were kidnapping girls, shipping them to Italy, and forcing them into prostitution.

The desire for order among Albanians is growing. But donor nations have so far provided only half of a requested 4,700-member U.N. police force. And with a critical shortage of international prosecutors and judges, there is no effective court or prison system in Kosovo. According to frustrated NATO officials, suspects arrested for crimes, including the murder of Serbs, have been released after a night or less in jail. The cycle of impunity continues.

On the political level, the cause that once unified Albanians—their struggle against Belgrade—has largely disappeared. The Democratic League of Kosovo, the group headed by Ibrahim Rugova that ran the shadow government during the Serb crackdown, remains popular but disorganized. And the KLA itself has splintered into various groups—some criminal, others not. Moderates complain that the threat of violence is distorting Kosovo's political scene. Last November, a local leader of the Democratic League was kidnapped in broad daylight and later found dead in the Drenica region, a KLA stronghold.

Despite efforts at self-policing, several Albanian media outlets continue to fuel political extremism and anti-Serb sentiment. In August, Kosova Press, a news agency with ties to the KLA, issued a veiled death threat to Veton Surroi and Baton Haxhiu, the founder

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and editor, respectively, of *Koha Ditore,* the province's leading independent newspaper, after they criticized Albanian revenge attacks. U.N. administrators enacted a new hate-speech law on February 1, but it addresses only attacks on groups, not individuals. Since the law passed, several Albanian newspapers have published the names, home addresses, and workplaces of Serbs they purport to be war criminals—incendiary accusations in an atmosphere of reprisal.

Moderate Albanian journalists say that the culture of violence that arose during the conflict has warped Kosovar society. "The level of intolerance is now not only against the Serbs and other ethnic minorities," said Blerim Shala, editor of the weekly magazine *Zeri* and an Albanian representative at the Rambouillet peace talks. "It is now against minority political views."

Surroi and Shala argue that a series of policy reforms from the top—far more aggressive police enforcement, a functioning court system, an interim national-unity government, war crimes trials, an independent media, a new education system, and other measures—could create an ethnically tolerant Kosovo with a Serb minority. Time, political independence, Western aid, and a long-term NATO presence will stabilize the province, they argue.

Time, independence, and a long-term NATO presence will stabilize the province.

Father Sava, a 33-year-old moderate Serbian Orthodox priest who lives in a monastery under NATO protection in the town of Gračanica, echoes their statements. Sava, who protected Albanians in his church during the NATO bombing, was the first Serb official to admit widespread Serb participation in the attacks and to partially apologize.

Average Albanians, he says, are now doing what Serbs have done. "Unfortunately, the majority are like a herd," he said. "They follow what the leader says." Sava says that four decades of communism and a decade of conflict have left many people with a mentality that combines fatalism, corruption, and a sense of entitlement. Average people angrily complain when they do not receive aid, Sava says, yet they have no faith in their own ability to affect the larger political system. Corruption is rife. "Everyone is trying to steal something from the state, not help it," he complained.

Sava blames the ferocity of the Serb attacks on *inat,* a Serbo-Croatian word roughly translated as "extreme spite." "It's just Balkan spite—

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the destruction of the old town in Djakovica and the market in Peć," he said, citing two of the worst examples of the Serb rampage. "It's, 'I'm going to destroy whatever means the most to them.'"

The moderates, whose views clearly are not shared by the majority, said that centuries of strong-arm rule by the Ottoman Turks and Tito led people in the Balkans to instinctively respect authority and to follow strong leaders. If Western officials would take a firmer tack, they argue, Kosovo might be transformed more quickly.

"The U.N. is not administering Kosovo," Surroi said. "Now, no one is running it."

CAN DO

THE EFFORT by American soldiers to calm the small, ethnically mixed village of Pones in southeastern Kosovo illustrates the complex realities of such an approach. Located in a part of Kosovo where violence against Albanians was relatively modest (two Albanians were killed during the NATO bombing and no homes were burnt), the village appears ripe for change.

After American troops arrived in the area in June, five Serbs were murdered in revenge attacks, including two elderly men shot while tending their fields. But once American soldiers posted a 24-hour guard in the village—escorting Serbs to their fields or on shopping trips—the murders ceased.

Serbs and Albanians were pressured into repairing and reopening the local schoolhouse—one of the few places where the two sides mixed. Under the watchful eyes of U.S. soldiers, the schoolhouse has returned to the status quo before the 1989 Serbian crackdown. Serb and Albanian children now go to the same building, but attend separate classes in their own languages.

Some villagers who fled to Serbia proper last summer have quietly come back, part of a trickle of refugees returning to American-patrolled southeastern Kosovo. But progress is slow in coming. Witness a weekly meeting conducted in the cramped schoolhouse by Texas-born First Sergeant William Burns, a 35-year-old American soldier trying to hold Pones together. Burns, who conducts himself like a sheriff, diplomat, and aid worker rolled into one, personifies the get-tough, take-responsibility approach favored by moderates.

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WORLDVIEW

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Cindy Karp

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Burns opened the meeting with a series of rapid-fire questions to Alexander Rištić, a 37-year-old leader of the village's Serbs. Local Albanian leaders had refused to attend, saying they would not meet with Serb "war criminals." An Albanian teacher who did not live in Pones served as their representative.

Burns asked Rištić, "Did you get the seed and store it?"

"Four men from your town applied for jobs in Glama," he continued.

"There are more? How many more?"

Glama is a local quarry where American soldiers tried to enforce a crude form of affirmative action. U.N. administrators, who technically control the quarry and all other formerly state-run enterprises in Kosovo, reserved 30 percent of the jobs at Glama for local Serbs. American soldiers provided security during the tense job interviews that followed.

Rištić complained that the U.N. was still not providing the Serbs with enough jobs in the quarry, which was run by a former KLA commander. Burns cut him off. "There is no way it's going to be back to the way it was. You're not going to have Serbs with 80 percent of the jobs," he bluntly said. "You are the minority here"—a reference to Kosovo's over 90 percent Albanian majority.

After warning the Serbs that Albanians might try to kill them on the job, Burns announced that an Albanian suspected of carrying out revenge attacks had been arrested. "He confessed to the whole thing after about four hours of interrogation," he said, quickly adding, "When I say interrogation, we're just talking, not beating people."

The Serbs said they were thankful but complained that the arrest had taken too long. Burns changed the subject again, announcing that American soldiers had shot dead a gunman who had fired on one of their posts the previous night. He urged Rištić to try to calm local Serb radicals. Ignoring the comment, Rištić complained again about the slow delivery of humanitarian aid.

Seemingly unfazed, the dogged sergeant then shifted into management-consultant mode, telling Rištić to have three "agenda items" ready before each meeting with U.N., NATO, or aid officials. "When you get those people here you have to ask them direct questions," he said. "Hold their feet to the fire!"

After hearing more complaints, Burns, whose unit would soon rotate out of Kosovo, gave a final pep talk. "We've come a long way

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in five months. I remember a time when there were killings every day. I remember a time when my soldiers were under fire," he said. "But now we're talking to each other. There are Albanians standing in this room talking. It ain't where we want it to be, but it's a whole lot better."

After the meeting, Burns admitted that although U.S. troops had fired at a gunman the previous night, they had not hit anyone. And he was philosophical about the long-term success of his mission. The sergeant, who has one white parent and one black one, said that the hatred he saw in Kosovo reminded him of "racism in its most basic form" in the United States. Decades of communism and conflict, he said, had left some Albanians and many Serbs ill prepared for a rapid shift to Western norms. "They don't understand democracy. They just look at you like you're crazy," he said. "They're like, 'When are you going to come rebuild our country?' I'm like, 'When are you going to roll up your sleeves?'"

GETTING AGGRESSIVE

FOR THE LAST DECADE, the primary goal of Western policy in the Balkans has been to contain violence and instability. Limited diplomatic, economic, and political efforts have been made in the former Yugoslav republics to pressure and remove nationalist leaders—at least where this could be done without endangering NATO troops.

Clinton administration officials tend to publicly minimize the problems in Kosovo and argue that the pacification of extremists, additional European troops and resources, and municipal elections will stabilize the province. But some skeptical members of Congress want U.S. forces out. Others talk of granting Kosovo full independence or negotiating an ethnic partition.

But all these policies, as well as the status quo, are recipes for continued instability. Whereas congressional Republicans may overstate the province's troubles, administration officials, intentionally or unintentionally, underplay them.

Kosovo is not ready for independence. Pernicious influences from northern Albania—organized crime, political intimidation, and lawlessness—are threatening to take root. Albanians continue to attack Serbs at will. And in a particularly alarming move, a small group of

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Albanian guerrillas is now vowing to "liberate" a portion of southern Serbia, while Mitrovica continues to simmer.

Even if independence were agreed to, the mechanics would be daunting. An independent Kosovo would require either large shipments of heavy weapons or NATO troops for protection. Given the potential domestic political fallout, as well as probable opposition from Russia and China, NATO capitals, particularly Washington, would likely resist either measure. Without these powerful deterrents, Serbia could invade at least resource-rich northern Kosovo, sparking a bloody conflict and calls for a second NATO intervention.

Though the West minimizes the problems, Kosovo is not ready for independence.

If a partition were somehow agreed to by both sides—an unlikely prospect given current tensions—it would be unlikely to last. Worse, it could set a precedent, unleashing similar secessionist claims in Macedonia, Montenegro, Bosnia, and other regions. Partition would only encourage the growing territorial ambitions of Albanian nationalists and other radicals across southeastern Europe.

The opposite extreme is also unrealistic. Quickly creating a multiethnic, harmonious Kosovo to which all Serbs can return and where Albanians agree to remain part of Serbia is wildly improbable.

The best short-term policy, therefore, is to establish effective police, court, and prison systems that create accountability. The West must also temper Albanian nationalism, defer the return of Serb civilians, delay full elections and a final decision on independence, and encourage political moderates. The long-term goal should be the creation of conditions and institutions that allow moderate Albanians to create an ethnically tolerant Kosovo on their own.

If Milošević can be toppled, the permanent status of Kosovo and Montenegro, another breakaway region, could be resolved within a loose confederation of Serbia, Kosovo, and Montenegro. The two smaller provinces would have de facto, but not full, independence. With time, increased prosperity, and the departure of Milošević, Albanians could come to accept such a compromise. If Milošević remains in office, however, U.S. and NATO troops will have to remain.

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The key to any policy is full financial support for current missions and a consistent long-term Western message. U.N. administrators and NATO commanders must make it clear that Kosovo will be denied nominal independence or admission to Western groups if it fails to respect human rights. The largest such lever the West has with Kosovar Albanians, aside from NATO withdrawal, is entrance into the European Union. The young Albanians who grew up under the Serb repression of the 1990s love to wear jeans, listen to American music, and talk of doing business in the West. At the same time, many openly support vicious revenge attacks on Serb civilians. It must be made emphatically clear to these Kosovars that those two things—membership in the West and lawless retribution—are not compatible. Negative influences from northern Albania, as well as traditions like blood feuds and *inat,* should be openly condemned. Many Kosovars, after 50 years as part of Yugoslavia, already see troubled Albania proper not as a national homeland but as something they do not want Kosovo to become. U.N. and NATO officials must capitalize on that sentiment, as well as on older Albanians' memories of ethnic coexistence under Tito's rule.

Meanwhile, moderate Albanians must continue to be brought into interim government structures, particularly the police and the judiciary. Municipal elections can be a step forward, but must be conducted under proper conditions. Adequate security must be provided to prevent political intimidation and vote fraud, and Serb representation must be guaranteed. As the West's experience in Bosnia shows, corrupt, authoritarian, and nationalist local leaders can be massive impediments to international goals. Legitimizing local hardliners to calm the situation now will only lead to worse problems in the future.

U.N. Special Representative Bernard Kouchner should be applauded for his efforts to gain adequate funding and to involve Albanians in governance. But he should more vigorously pressure the nationalists among them and not hesitate to govern in their stead. He has been too concerned with seeming overly colonial and was not forceful enough in drawn-out negotiations regarding the creation of an interim government and a court system. U.N. administrators caution that moderate Albanians, if pushed, could withdraw and form another shadow government. But a shadow system, believed to involve criminal elements of the former KLA, already exists. And the U.N. remains the

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sole route for Kosovar politicians to gain legitimacy in the West—powerful leverage that should not be forgotten.

The U.N. administration must do what it can to become less bureaucratic. Most of the delays to date have been due to inadequate funding, a cumbersome structure, and a lack of unified support from the Security Council, but the U.N. mission itself has been lumbering and inefficient at times. If the perception takes hold that the world body is unable to handle peacekeeping and nation-building, twin tasks viewed by many as two of the U.N.'s primary roles in the post–Cold War era, Secretary-General Kofi Annan's recent reforms will be overshadowed. At the same time, Washington must fully commit to the mission and stop alienating its allies by refusing to endanger U.S. troops.

Last, and most important, all NATO countries—particularly in Europe—must follow up their military effort with far larger economic commitments. As of mid-March, the U.N. mission had received only $190 million of the $415 million it requires. It has nearly run out of money twice.

In the end, the former Yugoslavia remains an economic unit, and its various parts—particularly tiny Kosovo—will thrive only by trading with one another. Economic growth and trade will be the key to stabilizing the region over the long term. Economic incentives, as shown by recent elections in Croatia, are the best way to convince voters to reject political extremism. Any attempt to stabilize Kosovo will fail if average people cannot see the benefits of accepting Western norms. At this point, they see few.

The United States and its allies must accept that only a long-term commitment in Kosovo—one that empowers moderates and establishes the rule of law while bettering the lives and altering views of average Albanians and Serbs—will steady the province. Focusing solely on leaders, ignoring the pitfalls of local culture, and implementing ethnic partitions will lead only to further instability—and another intervention.

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Saudi Arabia Over a Barrel

F. Gregory Gause III

THE PERILS OF HIGH OIL PRICES

OIL PRICES have not been front-page news in the United States since the bad old days of stagflation, American hostages in Iran, and gas lines. But the near-tripling of the price of a barrel of oil since January 1999 has finally begun to hit American consumers in their wallets. Those two great bellwethers of the public mood—politicians and late-night comics—have again made gasoline and heating-oil prices grist for their mills. After two decades of generally low oil prices, how has this happened?

There are many reasons for the spike: an unexpectedly quick recovery by the East Asian economies, which increased the world's overall demand for oil; all those gas-guzzling sport-utility vehicles on America's roads; and the slow recovery of Russia's oil industry from the decade of chaos after the Soviet collapse, which limited oil supplies. But one of the main reasons for skyrocketing oil prices is a series of decisions taken by one of the United States' closest allies, Saudi Arabia, the world's largest oil exporter. During the past 25 years, Saudi oil policy has generally helped to prevent price spikes and to hold prices down when big increases have occurred anyway. But as prices rose during 1999, Saudi oil production fell by more than a million barrels per day (mbd). Moreover, the Saudis were the driving force behind the event that sent prices climbing: the March 1999 agreement among the major oil nations, both inside and outside of the Organization of Petroleum Exporting Countries (OPEC), to reduce production.

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All last year, the Clinton administration (quite reasonably) remained silent in the face of this shift in Saudi oil policy. In 1998, oil prices had fallen dramatically, at times running as low as $10 per barrel. Higher oil prices helped Russia, American friends in the Middle East, and America's own depressed oil industry. The booming U.S. economy, more insulated from the effects of oil-price increases than it had been in the 1970s, kept chugging along. But as prices continued to rise in early 2000, election-year politics combined with a cold winter and consumer discontent to push the oil issue back into the spotlight and compel Washington to react. President Clinton has suggested releasing oil from the Strategic Petroleum Reserve and sent Energy Secretary Bill Richardson to lobby major oil producers—especially the Saudis—to increase production. Although some in Congress have advocated sanctions against oil countries, the administration has kept the dialogue friendly.

Neither the United States nor Saudi Arabia wants oil prices to be "too low" or "too high." Just where "too low" and "too high" fall, however, is a matter of dispute. Washington has always said that market forces, rather than politically inspired production agreements, should govern the oil market. If the U.S. economy stalls, the new Saudi oil policy could create a crisis between Riyadh and Washington reminiscent of the 1970s.

Avoiding such a crunch is in the interests of both countries. They must start with a fundamental readjustment of long-held American views about Saudi Arabia and the forces driving Saudi oil policy. Since the 1970s, Washington has seen Saudi Arabia as a fabulously rich country. Successive American administrations have looked to Riyadh to help finance American policies both within the Middle East (most notably, the 1991 Gulf War) and beyond it (the Afghan mujahideen, the Nicaraguan contras, the Gorbachev transition in the Soviet Union). Meanwhile, Saudi Arabia has continued to pay cash for the most sophisticated American weapons technology. Washington saw Saudi oil policies as driven more by strategic considerations—including inter-Arab, Arab-Israeli, and OPEC politics, to say nothing of the crucial U.S.-Saudi relationship—than the need for revenue at home. The kingdom, U.S. policymakers figured, had all the money it needed, and more. But that view is now badly outdated. Riyadh no

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longer has the financial cushion needed to live beyond its yearly oil revenues. Saudi oil policy is now driven primarily by the immediate revenue needs of a government struggling to maintain a welfare state designed in the 1970s—when money seemed limitless and the population was small—for a society with one of the world's fastest-growing populations.

The key to avoiding a crisis in Saudi-American relations is for Washington to encourage Riyadh to restructure its economy and welfare state in ways that will encourage the Saudi private sector and lessen the fiscal burden on the state. Although Saudi leaders have in recent years talked the talk of privatization and economic reform, they have not yet walked the walk. Their hesitation is understandable. The dynasty's political stability is tied up with the generous "social contract" it struck with its citizens during the oil-rich 1970s. But now is the time for Riyadh to move, and for Washington to hurry it along. The Saudi domestic opposition, which emerged more publicly than ever in the early and mid-1990s, has effectively been suppressed. The Saudis' neighborhood—a defanged Iraq, a reforming and more reasonable Iran, progress on the Arab-Israeli peace front—is more benign than it has been in recent memory. The worst threat to the monarchy's stability would be a fiscal crisis, combined with a falling out with the United States that would encourage the House of Saud's domestic and regional opponents to challenge the monarchy. The longer the Saudis keep traveling their current road, the greater the chances of such a threat materializing.

FOR RICHER, FOR POORER

How could a government that had more than $100 billion in the bank in 1981 be strapped today? The last 20 years have not been kind to the Saudi exchequer. For one thing, Riyadh has incurred some extraordinary expenses. The Saudis officially put their share of the Gulf War bill at $55 billion, excluding postwar arms purchases. In the 1980s, they subsidized Iraq's war effort against Iran to the tune of nearly $26 billion—not, in retrospect, history's wisest investment.

Meanwhile, oil prices slumped from their historic highs—briefly touching $40 per barrel in 1981 before dropping below $10 per barrel in 1986, and generally staying below $20 per barrel until 1999. But

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these fluctuations did little to change Saudi spending habits. In effect, the Saudi government budget was not linked to the price of oil, even though oil has consistently supplied more than 75 percent of state revenue. Maintaining both high defense spending and far-reaching social services for a population growing at a whopping three percent per year has kept Saudi Arabia in the red since 1983. When they no longer had the cash reserves to fund these deficits, the Saudis began borrowing on the domestic market. Saudi Arabia's overall domestic debt in 2000 is expected to be $133 billion, more than 100 percent of GDP—a level of domestic debt that approaches the limits set by the Organization for Economic Cooperation and Development and the Bank for International Settlements for fiscal soundness and makes using the domestic market to cover deficits a risky strategy indeed.

Baby steps alone will not put the Saudi fiscal house in order.

When oil prices tumbled in 1998, the Saudis faced a serious fiscal crunch. The Saudi stock market lost 30 percent of its value that year alone, and government payments to contractors fell deep into arrears. The budget deficit for 1998 was nearly 11 percent of GDP. Crown Prince Abdallah, acting for the ailing King Fahd, told the Gulf Cooperation Council summit in December 1998 that "the age of abundance is over.... We must all get used to a new lifestyle that does not rely entirely on the state."

It was not just the Saudis who noticed these problems. Fiscal weakness and huge balance-of-payments deficits spurred rumors in international financial markets about a devaluation of the Saudi riyal, which for decades has been fixed at a rate of 3.75 riyals to the U.S. dollar. In December 1998, the Saudis had to go to the United Arab Emirates (UAE) for a nearly $5 billion currency swap—Saudi riyals for U.S. dollars held by the UAE—to strengthen their financial position. Earlier that year, the Saudi government used the borrowing power of its state oil company, Saudi Aramco, as a source for international loans of $4.6 billion. A fiscal crisis was clearly brewing in Riyadh.

The logical response to this kind of crisis is to cut government spending and raise revenue. The Saudis have tried, a bit. They reduced farm subsidies, increased fees for government services, stretched out

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payment schedules on major arms and aviation deals, and raised the prices of subsidized consumer products such as gasoline. In many ways, Riyadh is far ahead of other Gulf oil states in rationalizing the economic distortions that developed during the giddy days of the oil boom. But these baby steps alone cannot put the Saudi fiscal house in order. The 1999 domestic price increases for gasoline at the pump, phone services, and visas are expected to generate just over $1 billion per year; the budget deficit for 1999, even with vastly higher oil prices, was slightly more than $9 billion.

Real fiscal discipline means major cuts in the Saudi budget, the vast majority of which—65 percent in 1998—goes to paying government salaries and paying off the national debt. Defaulting on the debt is unthinkable; almost all Saudis in the workforce are employed by the government, so firing them has political implications the regime would rather not face. The difficulties inherent in getting a handle on government spending are exemplified by the 2000 budget: government expenditures are slated to grow by 12 percent. Even with oil prices considerably higher, the deficit is forecast to be $7.5 billion, 15 percent of the total budget.

Riyadh's reluctance to enforce serious fiscal discipline is understandable, particularly now that the immediate pinch caused by low oil prices has abated. The Saudi "social contract," established in the boom years of the 1970s, requires the government to provide jobs and services to its citizens. With soaring population growth and relatively low oil revenues during the past decade, that "social contract" has been fraying at the edges. Medical services cannot handle the growing population. Since the government cannot absorb the ever-increasing number of high school and college graduates, unemployment is becoming a serious problem for younger Saudis. The Saudi private sector still prefers hiring foreign laborers, who accept lower wages than Saudi workers and are easier to control. The big public-works projects that once drove the Saudi construction industry have slowed. So when the government does get some extra money, numerous constituencies need servicing. This kind of logic, perfectly sound in the short term, merely sets the stage for grave fiscal problems should the price of oil fall again.

Another logical response to Riyadh's dire fiscal straits would be to privatize money-losing government services, thereby increasing

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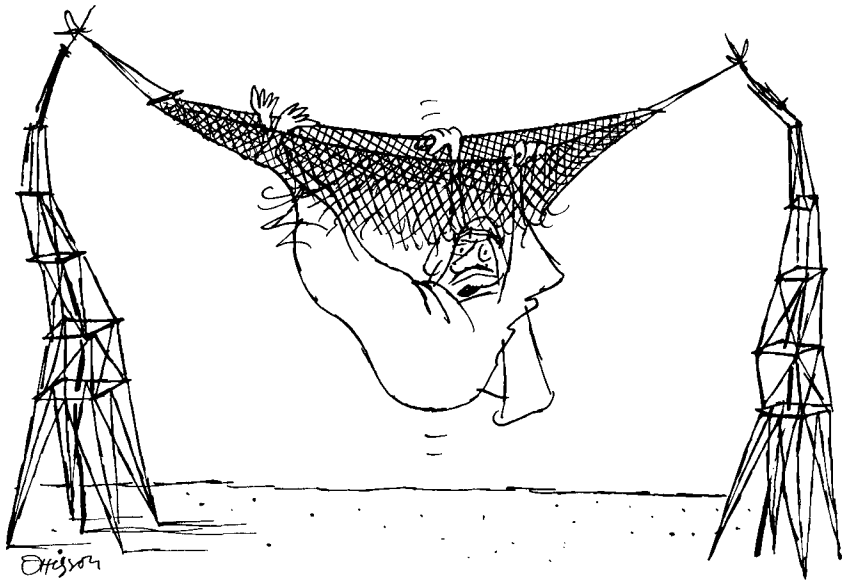

government revenue by selling assets and removing a steady drain on the budget. Talk of privatization has been in the air in Saudi Arabia for years, but action has been slow. The government will not privatize money-making concerns like the Saudi Arabian Basic Industries Company, its petrochemical giant, or its crown jewel, Saudi Aramco. But the Saudis have dithered even about money pits. Plans to divest the biggest money-loser, the national airline Saudia, are being prepared with excruciating slowness. Last December, the government did approve legislation paving the way to consolidate regional electric companies into a single firm. This was a prelude to breaking that company into three major components—generation, transport, and distribution—and inviting private-sector involvement in the generation component. But this simple step toward privatization came only after more than a decade of painful losses by these regional companies, which supply electricity at well below market prices to Saudi consumers. Those losses had to be made up, either from the government budget or from profit-makers like Saudi Aramco, which sells the regional firms oil at below-market prices.

Meanwhile, the kingdom's physical infrastructure, built in the 1970s and 1980s, is getting creaky. It will need enormous investments—estimated at over $100 billion, particularly in the electricity and water sectors—to keep up with the growing population. Major Saudi cities experience regular power brownouts in the summer months, and the

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desalinization plant in Jiddah, the country's second-largest city, cannot keep up with water demand.

Only the private sector—domestic and international—can provide this kind of capital. But proposals to increase private and foreign investment in the Saudi electricity sector have been rejected by the government because they entail price increases for Saudi consumers. Not only would privatization mean layoffs and higher prices, they would also tangibly reduce the state's power over the economy. (The recent legislation consolidating the electric companies and moves to rewrite Saudi regulations on foreign investment may be signals that the Saudi regime is finally getting serious about privatization.)

Yet another logical response to the fiscal crisis—devaluing the riyal—is also politically impossible. Devaluation would cut the Saudi balance-of-payments deficit and save the country the money currently used by the Saudi central bank to defend the riyal in international markets. But devaluation would also mean that private Saudi money would rush out of the country at the very time that the Saudis are encouraging both domestic and foreign investors to bring their money in. Estimates of the amount of Saudi private wealth held abroad vary widely, from $200 billion to a staggering $800 billion. The government knows that it needs to bring some of that money home if the private sector is to assume a greater role in the economy. Devaluation would be precisely the wrong signal to send to potential investors. It would also introduce inflation into a consumer economy that has been largely protected from price surges by fixed exchange rates.

If oil prices are too high, Saudi Arabia learned bitterly, consumers will switch to other energy sources.

It is not that the Saudis do not recognize their economic problems. Indeed, they are the major topic of conversation throughout the kingdom. The government consults more often these days with the business community, represented by the regional chambers of commerce and the national council of chambers. Many citizens say that they understand the need for fiscal discipline but pointedly argue that such discipline must extend to the top levels of the government and to the ruling family, rather than being borne solely by the

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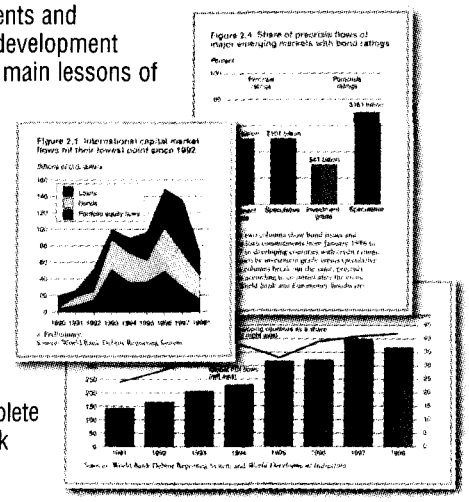

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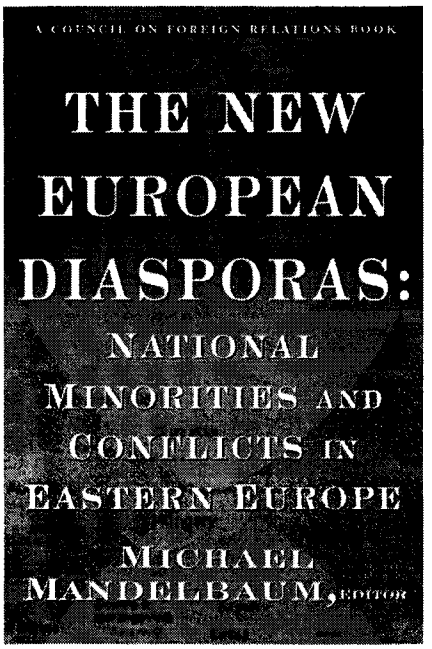
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Saudi middle class. Saudi leaders' speeches regularly echo the themes of belt-tightening set out by Abdallah in December 1998. The crown prince also appointed a "Supreme Economic Council" in August 1999, made up of the state's major economic officials, to formulate new policies. What is still lacking, however, is the will to face the politically difficult decisions about profound economic restructuring. And because that will is lacking, the Saudi government must rely on higher oil prices to keep the government budget and the economy afloat.

OIL IN THE FAMILY

SAUDI ARABIA'S looming fiscal crisis has led it to rethink its oil policy. Since the price increases that followed the 1973 Arab-Israeli war, Saudi Arabia has generally been one of OPEC's moderates on oil prices. As OPEC's largest oil producer, with reserves that will last more than a century at current production rates, Saudi Arabia has no desire to push prices too high. At a certain point, it learned bitterly in the 1980s, consumers will switch to alternative sources of energy. As that decade began, consistently high demand for oil and the disruptions of the Iranian Revolution temporarily pushed prices over $40 per barrel. By the middle of the decade, demand fell, new sources of oil were discovered, and prices collapsed. When both Kuwaiti and Iraqi oil were taken off the world market after Saddam Hussein's August 1990 invasion of Kuwait, oil prices spiked to around $30 per barrel, but the Saudis quickly raised production to push prices back down to around $20 per barrel. That decision was not simply a bow to American desires; it was also in the long-term interests of the Saudis themselves.

On the other hand, the Saudis do not want oil prices to fall so far that their oil revenues do not meet their budgetary needs. In the early 1980s, Riyadh played the role of "swing producer" in OPEC, lowering its production to prop up prices. Average Saudi production fell drastically—from nearly 10 mbd in 1981 to a low of 3.5 mbd in 1985, with a concomitant fall in revenue from $113 billion in 1981 to $25.9 billion in 1985. But these cuts failed to slow the drop in prices as world demand for oil fell, non-OPEC producers brought more oil onto the market, and other OPEC members produced more than their quotas permitted. In an effort to discipline overproducers inside and outside of OPEC,

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the Saudis increased production in the first half of 1986. Prices plunged. Saudi oil revenues also fell, despite the increase in production. Ahmad Zaki Yamani, the long-serving Saudi oil minister and the architect of the 1986 production increase, was fired, and the kingdom cut back on its production. Other OPEC members, chastened, promised to stick closer to their quotas. World demand for oil began to pick up in the late 1980s, and prices rebounded toward the mid-teens.

The Saudis emerged from the roller coaster of the 1980s determined not to play the role of swing producer again. Their loss of market share and revenue in the mid-1980s had been a painful lesson. The Saudis' ability to quickly increase production during the Persian Gulf crisis in 1990 regained most of the market share lost in the 1980s, and they were not about to sacrifice that to support some nominal OPEC price target. Even as oil prices fell in 1993 and 1994 from $20 per barrel to below $15 per barrel, the Saudis refused to cut production, pumping out between 8.5 and 9 mbd. But they also learned from the debacle of 1986 that opening up the spigots to discipline others could backfire. Theoretically, given their low production costs and enormous reserves, the Saudis could pump as much oil as possible as prices fell, drive competing producers out of the market, and gain a stranglehold on world production. But such a strategy would mean riding out a long period of low revenues—a luxury the Saudis can no longer afford, as they quickly realized in 1986. As alternative sources of financing their budget deficits (drawing down reserves, borrowing domestically) became less viable, the need to maintain a certain level of revenue from oil sales became increasingly important to the Saudi leadership. Managing these two divergent if not downright contradictory goals—price and market share—defined Saudi oil policy in the late 1990s.

The desire to hold on to Saudi Arabia's slice of the market drove Abdallah to hold a Washington meeting in September 1998 with representatives of the major American oil companies. Other countries, particularly those in the Caspian Basin but also some in the Middle East, were inviting oil multinationals back by promising equity stakes in their oil fields. This return to the multinationals, after decades of nationalization and proud self-reliance in the oil sphere, has been driven by the need for capital, technology, and marketing outlets that only the biggest oil companies can provide. Here, Saudi Arabia is better

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off than most other oil producers. In the 1990s, Saudi Aramco developed the huge Shayba field, near the Saudi-UAE border, with its own resources. But production costs for Saudi oil are rising at a time when production costs elsewhere are falling (although, to be fair, Saudi oil is still the cheapest in the world to produce). If the major multinational oil companies regain equity stakes in Middle Eastern and Caspian countries, they will look first to their hosts for additional supply. The Saudis want to be the major source of supply—particularly for the growing energy markets of East Asia, which are served by the major multinationals—and want the technological advancements that the multinationals can provide. They would also like to involve international investors in other energy sectors, like developing natural gas and generating electric power for the Saudi domestic market. Abdallah's Washington meeting was meant both to remind the major oil companies that Saudi Arabia remains the big prize for oil development in the future and to solicit these firms' participation today in energy sectors other than oil.

If worries about market share led to the September 1998 meeting, concerns about price have driven Saudi Arabia's production policy and oil diplomacy both inside and outside of OPEC in recent years. In late 1997, OPEC producers, including Saudi Arabia, made a fundamental mistake. Even as Asia's economic crisis worsened, OPEC countries decided to increase production. The combination of more OPEC oil and less Asian demand drove prices on the world market down to around $12 per barrel. In March 1998, Saudi Arabia, Venezuela, and Mexico (a major non-OPEC producer) agreed to produce less oil; the Saudis cut 300,000 barrels per day. This agreement was then adopted by OPEC as a whole and by some non-OPEC states, including Norway and Oman, for a total cut of 1.5 mbd. Oil prices immediately rallied but then fell back as the Asian crisis took its toll on world oil demand and as other producers, most notably Iran, balked at joining the proposed cuts. By December 1998, oil prices were hovering below $10 per barrel and the Saudis were facing a serious fiscal crisis.

In response, Saudi Arabia began negotiations with Iran about more drastic production cuts. Relations between Riyadh and Tehran had improved considerably since the May 1997 election of Iran's reform-minded president, Muhammad Khatami. Both countries wanted to see prices go up, and the Saudis were willing to pay a certain price for the geopolit-

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ical gain of a friendlier Iran. In March 1999, those negotiations led to a new agreement on deeper production cuts among OPEC and non-OPEC producers, including Iran. This pact involved taking a further 2 mbd off the world market, with Saudi Arabia absorbing more than 25 percent of that amount. Iran was brought on board through a Saudi concession: letting Iran calculate its reduction from its "official" production level, which was higher than its actual production. These deeper cuts, coupled with the unexpectedly early rebound in Asian demand, did the trick for the Saudis and the other oil producers. Prices skyrocketed, and all the oil producers, even with their reduced production levels, netted substantially more revenue. Last September's OPEC meeting reaffirmed the production cuts, and members have largely abided by their quotas.

Saudi oil diplomacy in the past year successfully squared the circle between market share and price concerns. The price increases of 1999 staved off the looming fiscal crisis. The Saudis managed to push prices up without sacrificing market share. But how long Riyadh will be able to pull off this balancing act is anyone's guess. Its success so far has depended on a favorable conjunction of circumstances: rising East Asian demand, a galloping American economy, and other producers' willingness to stick to their production quotas. But if prices stay up, new oil will find its way onto the market, and demand might not grow at forecast rates. Further price increases could mean a drop in demand. If prices soften, OPEC and non-OPEC members alike will be tempted to cheat on their quota agreements—a replay of the scenario of the early and mid-1980s. The Saudis are unlikely to act over the long term the way they did in the 1980s, sacrificing market share to accommodate quota-cheating by others. "No playing the swing producer" and "no loss of market share" are now guiding principles of Saudi strategic thinking. But in the short term, price considerations will loom large in any Saudi oil policy—simply because the Saudi government needs the money.

HOUSE IN ORDER

AMERICAN POLICYMAKERS must adapt to these changes in the Saudi approach to oil policy. In the short term, Washington should realize that Riyadh will not be jawboned into producing more oil. Not-so-veiled threats about American reactions to "dangerously

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high" oil prices and lectures about the evils of tampering with markets will not have much effect on a Saudi government that just 18 months ago was facing a serious fiscal crisis without any American support or sympathy. A dialogue with Saudi leaders about mutual U.S.-Saudi interests in preventing unsustainably high prices has a better chance of success. The Saudis understand—better now than in the 1980s—that oil prices high enough to depress demand and encourage the search for alternative sources of energy do them no good. They also understand that a prosperous United States is central to their interests, both economic and strategic. (The Iraqi invasion of Kuwait did not happen that long ago.) As long as Washington evinces an appreciation of the House of Saud's immediate fiscal needs, Riyadh will be open to working together to bring oil prices down from the $30 per barrel range; witness the Saudis' favorable reception of Richardson's arguments about the need to open the spigots before the March 2000 OPEC meeting.

But such efforts to manage markets through political cooperation are stopgap measures. In the long term, there are too many variables in the world oil market for either the United States or Saudi Arabia to manage even if they wanted to. The key to a cooperative U.S.-Saudi relationship is encouraging the nascent Saudi economic reforms so that Saudi Arabia will not have to rely so heavily on oil prices to meet its fiscal obligations. Helping the Saudis detach their oil policies from their immediate revenue needs is good for America because the Saudi leadership could pay less attention to its current woes and focus more on its longer-term interests in keeping its share of a moderately priced oil market. The Saudis could return to their previous policies of using their huge production capacity (nearly 3 mbd more than they are currently producing) to smooth out price bumps caused by political crises and natural disasters, rather than coordinating agreements to produce less among their fellow oil producers.

The success of Saudi economic reform rests in the Saudi elite's hands. They must summon the will to take the politically hard decisions and surrender some of the economic control that they have spent the last four decades building. The United States cannot do that for them. But there are some limited yet practical steps that Washington can take to ease the pain.

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The most immediate and important moves involve the World Trade Organization. In principle, Washington and Riyadh are on the same page regarding the WTO—the Saudis want in, and the Americans want them in. The two sides differ only on the conditions of accession. The Saudis seek "developing country" status, which would give them more time to comply with WTO entry standards, whereas the United States is pushing to have Saudi Arabia admitted as a "developed country," which would force the kingdom to comply sooner. A farsighted U.S. policy would get the Saudis in as quickly as possible, even if that means giving them a longer grace period.

The most important thing America can do to ease Saudi Arabia's pain is helping it enter the WTO.

The full consequences of Saudi accession to the WTO are hard to foresee. Will Saudi businesses be able to compete in an open international economy? No one knows, but the Saudi business community thinks it can. There is no overt opposition to Saudi accession in the chambers of commerce, and most Saudis in business exhibit a mix of excitement and trepidation at the prospect of more open competition. The Saudi private sector sees the WTO as a means to make the government's commercial decision-making and legal system more transparent and regular. As a member of the WTO, Riyadh will be less able to preserve local monopolies and privileges, privatization will get a boost, and momentum toward economic reform will be locked in to the Saudi policy process. In short, WTO membership cannot but help those within the Saudi elite—both government and business—who want to change the structure of the Saudi economy to reduce its excessive reliance on oil revenues. That is certainly in the American interest, and Washington should take whatever steps it can to welcome Riyadh to the WTO club.

Washington can also encourage the Saudis to keep limiting their defense spending. Saudi Arabia's recent fiscal problems led to considerable reductions in Saudi defense spending, albeit from extremely high levels relative to both GDP and total government spending. That means fewer big-ticket weapons purchases from American arms manufacturers. But lower defense spending stabilizes the Saudi fiscal situation, thus reducing the Saudi appetite for

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higher oil prices and serving America's interests in oil prices and a Saudi monarchy that are both stable. Of course, U.S. arms producers will howl. Let them.

Finally, Saudi Arabia's friends in Washington can use their personal influence with the Saudi elite—in some cases, built up over decades—to impress on their Saudi counterparts the importance of sharing the burdens of economic reform equally between the various sectors of Saudi society. The Saudis are hardly America's most democratic ally, but they must understand that their stability rests on popular acceptance of their regime. Not only must the Saudi elite, including the ruling al-Saud family itself, bear its share of the costs of reform, they have to be seen by the rest of the population as bearing them. With their large reserve of popular support, the al-Saud family is in a strong position to do this. They have weathered the domestic political ferment of the post–Desert Storm period by offering modest political reforms and both co-opting and repressing opposition. With the higher oil prices of this past year, the royal family has more money to cushion the costs of reform for the Saudi public. Their international position could not be better: the Arab-Israeli peace process is moving forward, Iranian-Saudi relations are on the upswing, Saddam is contained in Iraq, and the U.S.-Saudi relationship is strong and close. What better time to face hard economic decisions?

The alternative is not very appealing—for either Saudi Arabia or the United States. Oil prices are up now, but inevitably they will fall. Without change in the underlying structures of the Saudi economy, the next oil price decline will trigger an even worse fiscal crisis for Riyadh. At a minimum, Saudi-American relations would be strained as the Saudis pushed prices back up through production-restraint agreements similar to that of 1999. If the American economy is not as healthy as it was this past year, Washington will be much less willing to see a major ally manipulate oil markets to increase prices.

More ominously, a recurrence of serious fiscal problems could spur a political crisis in Saudi Arabia. Fiscal crises impose on governments the sort of hard choices that can split a ruling elite. With the issue of succession to King Fahd settled in favor of Abdallah,

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the Saudi elite remained united during the difficult year of 1998. If the next oil price decline coincides with the more difficult succession question of the future—how to move from the generation of the sons of the kingdom's founder, Abd al-Aziz, to the generation of his grandsons—oil and economic policy could become enmeshed with struggles for power within the al-Saud family. That generational shift might not come for a decade or more, but a fiscal crisis would certainly exacerbate the underlying tensions in the ruling family. Family factions would then look to mobilize those already discontented due to hard economic times. Serious political instability in the world's biggest oil exporter would be at hand. That prospect is reason enough for the United States to urge its friends in Riyadh to get their house in order.

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Will Indonesia Survive?

Donald K. Emmerson

THE CENTER CAN HOLD

ANYONE SKIMMING recent Western reporting on Indonesia could be forgiven for assuming that the world's fourth most populous country is on the verge of disintegration. The recent secession of East Timor is unlikely to cause a chain reaction, however. The geographic and cultural patchwork of Indonesia may shrink, but it is not about to unravel.

A vast archipelago through whose waterways pass two-fifths of world shipping, Indonesia has recently undergone a series of political reforms that could eventually lead it to become that rare thing, an Islamic democracy. Its size, location, and natural resources make it a potentially formidable obstacle to any Chinese attempt to gain hegemony over Southeast Asia. The scale and diversity of the Indonesian economy enhance its importance for the larger region and make urgent its resurrection from the Asian financial crisis. Whether Indonesia will survive in something resembling its present form is thus a topic of concern well beyond the South Pacific.

Since its economy began to fail in 1997, Indonesia has witnessed several thousand deaths from political violence. This number will mount as unrest continues. But although the toll is tragic, it is not enough to destabilize a country of some 216 million people. And although separatist movements have gained ground in several outlying provinces, they do not yet command enough resources or support to impose their will on the government. The country's periphery is restive, but the provinces remain Jakarta's to lose.

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THE YEAR OF LIVING DANGEROUSLY

MANY OBSERVERS who forecast Indonesia's disintegration see East Timor as both omen and model. Indonesia's 1975–76 invasion and annexation of the eastern half of the island of Timor was finally reversed in 1999. The East Timorese voted overwhelmingly for separation from Indonesia in U.N.-supervised balloting last August, and Jakarta ratified the divorce the following month. The U.N. Transitional Authority in East Timor (UNTAET) has been charged with preparing the territory for independence.

But East Timor is a very small place—not much more than half a million people on fewer than 15,000 square kilometers of land. Excising that territory from the vast eastern underbelly of a country that is 1.9 million square kilometers large has left but a tiny scar. Indonesia has not only survived the surgery but emerged with its prospective health improved.

To be sure, the operation was botched. On September 4, the U.N. announced the results of the referendum: Jakarta had lost by a four-to-one margin. Violent reprisals by government supporters quickly followed, destroying an estimated 70 percent of East Timor's urban infrastructure. Hundreds of pro-independence East Timorese were killed, and hundreds of thousands more were intimidated into fleeing to western Timor. The Indonesian army's role in the violence ran a short gamut from acquiescence to connivance.

Whether or not the government recognized it as such, however, the loss of East Timor was actually a net gain for Indonesia as a whole, because it could only help sustain the latter's two fragile recoveries—from authoritarian rule and from economic recession. Between mid-1997 and mid-1998, Indonesia's per capita GDP shrank by 16.2 percent. Jakarta could ill afford to continue its two-decades-long repression of the East Timorese. However bloody and belated the separation was, relinquishing the territory removed an impediment to crucial political and financial support from foreign donors and lenders sensitive to human rights.

Indonesians who opposed giving up East Timor feared a "domino effect" in which other provinces would follow East Timor out the door. Such a move would set an example for other regions, they warned.

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Jakarta needed to stand fast to avoid an exodus that would destroy the country. Granted, such an exodus could still occur. But six months after the People's Consultative Assembly in Jakarta canceled East Timor's provincial status, the rest of Indonesia remains intact—troubled (in some places, violently so), but still one country.

Why? Compared to Indonesia's other provinces, East Timor is unique. A Portuguese colony for nearly 500 years, it was never part of the Dutch East Indies, the entity that eventually became Indonesia. Nine out of ten East Timorese are Catholic, whereas nine of ten Indonesians are Muslim. In 1975, a change of regime in Lisbon triggered the beginning of the end of the Portuguese empire. Free from Portugal's control, political rivalries in East Timor spiraled into civil war. One cannot say how successfully the East Timorese might have managed their independence had they been left alone, but it can hardly be said that the Indonesian invasion of December 1975 rescued the East Timorese from themselves. It did make it clear that Suharto, then Indonesia's president, and his fellow generals had decided to smash the partition that had long kept separate the two halves of Timor. The United Nations never accepted East Timor's absorption into Indonesia. Washington gave only de facto acquiescence, without approving of Suharto's methods. To the extent that nationhood is the product of a shared past, therefore, Indonesia is more Indonesian without East Timor than with it.

WHO'S NEXT?

More than 3,000 kilometers northwest of East Timor lies the province of Aceh (pronounced "Atch-eh"), which is widely held to be the next most plausible candidate for independence. But if Aceh does leave Indonesia—more accurately, if it is permitted to do so—such an outcome will flow not from any East Timor precedent but from distinctive local conditions and Aceh's interactions with Jakarta.

The Acehnese differ from the East Timorese in nearly every respect. Both encountered the Portuguese early in the sixteenth century, but Aceh did so as an expanding sultanate that refused to succumb to colonial rule. No part of the archipelago that became the Dutch East Indies took longer for the Dutch to pacify.

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Centuries before the Europeans' arrival, Aceh's location on the northwestern end of the island of Sumatra exposed it to Islamicization by Muslim traders. Acehnese sometimes call their homeland "the front porch of Mecca," due to its relative proximity to Saudi Arabia. Aceh's population is about 97 percent Muslim, a figure that may actually have risen recently as non-Muslims, fearing turmoil, have fled.

Aceh's natural wealth is also distinctive. Indonesia is the world's leading exporter of liquefied natural gas (LNG), and two-fifths of the country's LNG exports originate on Aceh's northern coast. In contrast, although UNTAET has signed an agreement with Australia to develop petroleum resources beneath the Timor Sea on behalf of the future sovereign state of East Timor, the new nation's share of the eventual annual revenues is expected to amount to only a few million dollars.

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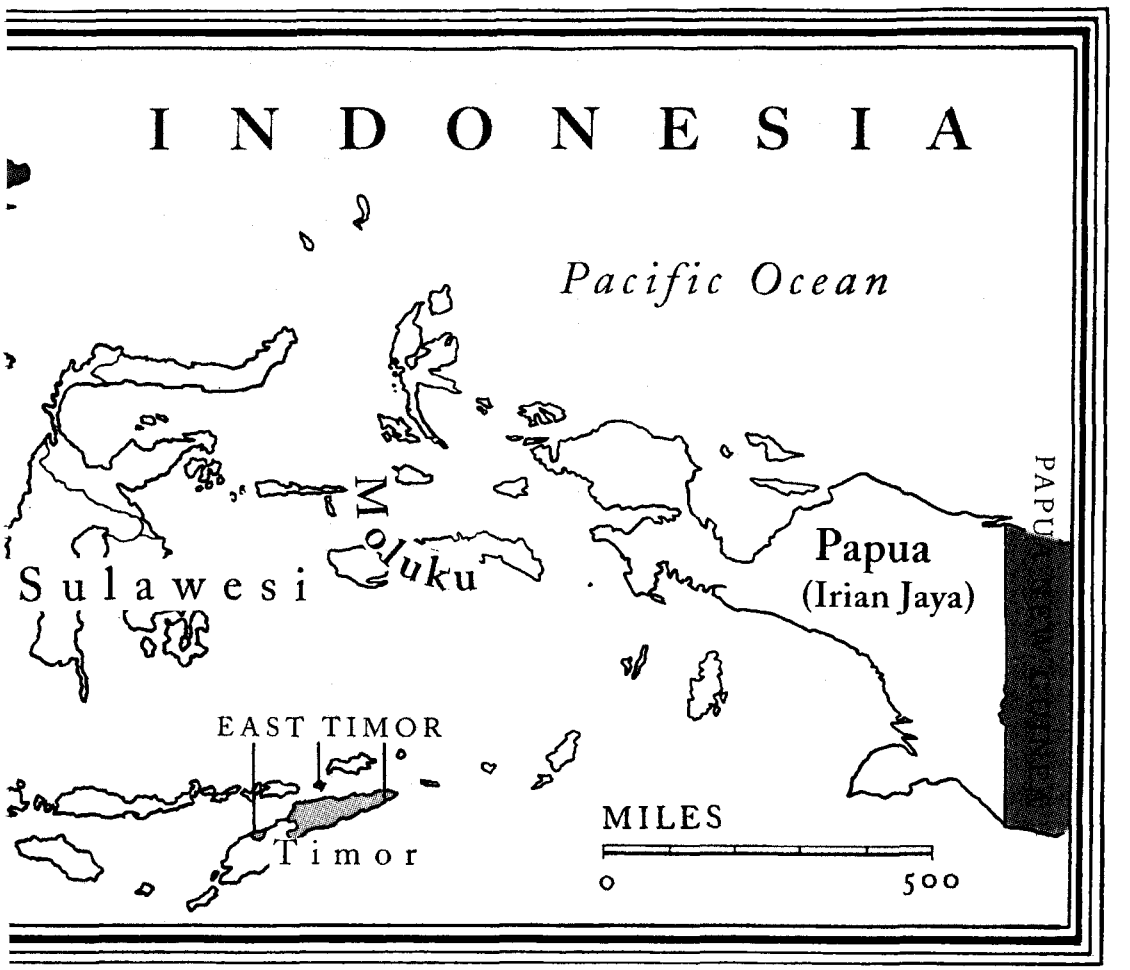

As for industry, Aceh's was much more advanced even before the torching and looting of East Timor's infrastructure in 1999.

Aceh's autonomous identity as an Islamic state and its natural resources do make secession more plausible. No regionalist leader articulates a harder anti-Jakarta line than Tengku Hasan M. di Tiro, the titular head of the Free Aceh Movement (abbreviated GAM in Indonesian). Di Tiro avows his fealty to Aceh's past and enmity toward the "imperialist" Javanese (who account for about half of Indonesia's population and have disproportionately dominated its institutions). Seemingly obsessed by history, di Tiro refers frequently to the long Acehnese struggle against the Dutch and then the Javanese. He considers himself a head of state—the 41st ruler of Aceh since 1500. The 34th through 40th, he notes, all died in the struggle against the Dutch, but he detests the Javanese more than the Europeans

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whom they replaced. More brutally and duplicitously than their predecessors, he insists, the Javanese repressed and exploited the real Acehnese nation in the name of an imaginary one. "I myself," he told me, "am older than this so-called Indonesia." (Indonesia's first president, Sukarno, declared the country's independence in 1945, when di Tiro was 15.) When asked what sort of government an independent Aceh might have under his leadership, he referred to an Anglo-Acehnese commercial treaty signed in 1603. He also cited Aceh's natural-gas reserves as proof of the viability of its independence.

Despite di Tiro's confidence, Aceh's exit from Indonesia is hardly inevitable. From 1968 to 1998, when he finally resigned, Suharto's authoritarian "New Order" transformed the economy and society of the entire country, including Aceh. By erecting an industrial enclave near Lhokseumawe, the province's second-largest city, Jakarta unwittingly stimulated GAM recruitment. Rural Acehnese resented the disparity in wealth between themselves and the Javanese brought in to staff the modern complex, and disputes broke out over land rights and pollution. Above all, the Acehnese objected to having "their" valuable resources siphoned off to Jakarta. But the answer to these grievances need not be independence. Jakarta could rechannel revenues back to a truly autonomous Aceh, possibly inside a federalized Indonesia. So the natural wealth that could make Aceh's independence more viable could also make the matter more negotiable—if Indonesia's political center is willing to ease its grip on the periphery.

Economic growth during the "New Order" diversified the Acehnese. A relatively secular and technocratic elite grew up around the university in the provincial capital, Banda Aceh. Migrants left for Java to pursue studies or careers. Di Tiro's name still garners respect in Aceh, but during his decades-long exile in Sweden, parts of Acehnese society passed him by. Inside the province, nongovernmental organizations have sprung up to represent social groups—students, women, entrepreneurs—with an interest in peace and justice as well as sovereignty. Educated, professional, and commercial Acehnese abhor the Indonesian army, which has abused citizens with such impunity for so long. But they are also impatient with GAM's intransigence and violence.

Nor will religious issues necessarily lead to secession. The Acehnese are devout Muslims, but the overwhelming majority of other Indonesians

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are Muslim, too. This should mitigate in Aceh the sense of alienation that has contributed to unrest among religious minorities elsewhere in Southeast Asia.

THE OUTSIDERS

After Aceh, the province many observers consider most likely to secede is Papua—formerly known as Irian Jaya, but renamed by Jakarta in a symbolic concession to local identity. Half as populous as Aceh, Papua sprawls over the easternmost end of Indonesia, covering the western half of the island it shares with Papua New Guinea. The province's two million inhabitants are spread across a territory more than seven times larger than Aceh and nearly 3,500 kilometers away. Some three-fifths of Papua's population is Protestant, but the potential for political solidarity is limited by the diversity of a dispersed population. In February, the leaders of 11 Papuan Protestant denominations demanded justice but disavowed violence, and remained neutral on independence.

Many inhabitants of other islands (notably Java) have migrated into Papua to exploit its local resources. This has complicated ethnic Papuans' ability to claim that their interests and those of the territory are one and the same. Unlike the Acehnese, ethnic Papuans speak hundreds of distinct languages, and the province's mountainous terrain further limits the ability of the sovereignty-seeking Free Papua Organization to mobilize a united front against Jakarta.

Like Aceh, Papua is rich in natural wealth, but unlike Aceh, its economy and infrastructure lag far behind those of Indonesia proper. Here again, the fruits of local resources are tasted mainly in Java, and the gulf between productive enclaves and backward hinterlands motivates resentment and secessionism. The rift in wealth and status is even greater in Papua than in Aceh and thus is potentially more destabilizing. But the sheer size of the gap in Papua also magnifies the local allure of Jakarta's attempts to bridge it, thereby potentially helping Jakarta's agents co-opt and divide pro-independence elements.

Aside from Aceh and Papua, other provinces on the lengthening list of potential defectors include Riau and East Kalimantan. All four of these peripheral regions combine natural wealth with small populations

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to generate per capita incomes far above the national average. This lets local elites believe that their homelands can make it on their own, but it also enables Jakarta to elicit local support by returning to these provinces some of the substantial revenues now taken from them.

Central authorities rightly worry about losing income from oil and gas reserves in Aceh, Riau, and East Kalimantan. But the restructuring of Indonesia's economy toward manufacturing and services has greatly reduced the proportional contributions of oil and gas to national revenue. By 1996, such receipts accounted for only 21 percent of central government income. Compared with the outer islands, Java's larger population, better infrastructure, and more diversified economy have made it the most important origin of national revenue.

Indonesia's restive periphery is still Jakarta's to lose.

The havoc done to Indonesia's economy by the East Asian financial crisis in 1997–98 steeply increased Jakarta's need for income. Indonesia's public obligations now equal its GDP, and some three-fifths of its national budget is earmarked to servicing this massive debt. But if the current economic recovery can be sustained, the urgency will decline. So, too, will the efficiency of currently exploited hydrocarbon fields, including the shrinking reservoir of gas that has bolstered the economic hopes of the Acehnese.

In Riau and East Kalimantan, pro-independence moves and views have thus far been relatively mild. The prospect of autonomy within Indonesia is much more popular in these places than in Aceh.

Horrific violence in a fifth province, the outer island of Maluku, has led observers to warn that it too might break away. But the waves of killing and destruction there have not been directed against Jakarta. They stem mainly from the collapse of a delicate balance of economic and political power between Muslims and Christians. In Maluku, resentments have been fierce, but they have been aimed not so much "vertically" (against national authority) as "horizontally," in deadly, escalating exchanges between local communities. People in Maluku had many reasons to be disappointed with faraway central authorities, but one chief grievance was in principle entirely resolvable: Jakarta's failure to intervene impartially and effectively to help end the violence.

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ENTER GUS DUR

WHAT ALL THESE FACTS imply is that the fate of Indonesia's troubled periphery remains in the hands of Jakarta. By late 1999, in contrast, many analysts still believed that part of the periphery was about to leave. They were especially perturbed by an incautious remark made in November by Indonesia's new leader, Abdurrahman Wahid. Wahid had been elected president in October by the People's Consultative Assembly—itself largely a product of the country's democratic national election five months earlier, the first such contest in 44 years.

After East Timor's vote for separation, Wahid said it would be unfair not to let Aceh have a referendum, too. Wahid's comment shocked people by seeming to endorse the domino theory. If Jakarta felt obliged to treat all the provinces similarly, whatever one of them gained would have to be granted to the others. Consistency would scuttle the country even if diversity did not. But this fear proved groundless. Not even the liberally minded Wahid—let alone other Indonesian leaders—was prepared to apply the East Timor precedent to the rest of Indonesia. Wahid soon explained that in the referendum that he envisioned, the Acehnese would be allowed to decide only whether to apply Islamic laws inside their province, not whether to withdraw from the republic.

In the few months since his presidency began, Wahid (better known by his nickname, Gus Dur) has often made off-the-cuff comments that have required backtracking and clarification. He "has been very skillful in solving problems created by himself," wryly noted one Indonesian newspaper. Assembly Chair Amien Rais, a possible successor to Wahid, has said that for Indonesians, "there are three mysteries in life: when they are going to die, the weather, and what their president is going to say or do next."

The more Wahid changes his mind—or at least his words—the less Indonesians will believe anything he says. So his presidency could self-destruct, and disarray in Jakarta might then stoke separatism in the regions. But Wahid's inconsistency can also be an asset. Indonesia has only recently emerged from decades of deadening autocratic consistency. Throughout his long rule, Suharto refused to give power to the regions.

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In this context, many Indonesians find Wahid's policy shifts refreshing—if only because they evoke possibilities of change after stasis.

There is also more than a little method in Wahid's madness. His headline-grabbing unpredictability keeps his enemies off balance and the spotlight on himself. Media attention magnifies his influence, and he uses self-deprecatory humor to advance his views. In the end, those views reflect Gus Dur's sense of himself not as a commander but as a teacher—engaging his people in a dialogue that will move the country toward tolerance, pluralism, and democracy. In the meantime, he has begun addressing the army's intrusive and repressive habits—but he has not stopped security forces from cracking down hard on GAM in Aceh. The first policy wins him points in regions where the army is hated; the second sends a clear antisecessionist signal to the one region where such hatred may be greatest.

MAGNA JAKARTA

KEEPING the country together will require more than counter-insurgency and civilian control of the army. Jakarta will also need to meet a third challenge: decentralization. In mid-1999, new legislation shifted political and economic power from the center to the regions. But these laws still have not been put into practice, and the regions are impatient. Wahid's skills are political, not managerial, and differences between his ministers have corroded their ability to work as a team. Now, bold steps are needed. If Indonesia is to retain its present borders, it may even have to reinvent itself as a federal state.

After World War II, the Dutch experimented with federalism as a way to retain influence in the East Indies and isolate Sukarno's Java-based republic. Many Indonesians still shun the "F word" because it smacks of colonialism. Wahid nevertheless hopes to introduce much of the substance of federalism without using the name.

Wahid has kept up a punishing schedule of travel abroad, partly to solicit aid and investment but also to line up support for keeping Indonesia whole. He has tried especially hard to mobilize neighboring and Muslim states against Acehnese independence. The success of this campaign so far has enabled Jakarta to ask GAM, in effect, Why seek sovereignty if it will only isolate you?

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In Southeast Asian international relations, realpolitik has traditionally trumped moralpolitik. Neighboring states dependent on the region's biggest and potentially most powerful country will think twice before risking its ire by supporting its dismemberment. One might think that China would encourage provincial defections to cut the republic—a potential rival—down to size. But China's leaders have so far been more concerned about upholding in Indonesia the principle of single-state sovereignty so crucial to how they view their own country. Accurately or not, they worry that the dominoes from an Indonesian collapse could tumble northward: Aceh or Papua today, Xinjiang or Tibet tomorrow.

Jakarta would be wrong, however, to think that foreign governments will always be allergic to secession. Washington has assured Jakarta of U.S. support for Indonesia's territorial integrity, arguing that East Timor was a special case. But the more brutal Jakarta's attempts to hold Indonesia together, the less enamored of Indonesian sovereignty Washington will become. Moralpolitik can be sidelined, but it will never go away; human rights activists and their allies in Congress will make sure of that. Wahid's minister of regional autonomy, Ryaas Rasyid, is especially sensitive to this prospect. He actually ranks Papua above Aceh as a candidate for exit. The Papuans are Christians, he reasons, and thus more likely in the long run to garner Western sympathy than the Muslim Acehnese.

Papuan history may be cited to back Rasyid up. Compared with Aceh's participation in the Indonesian Revolution, the circumstances of Papua's entry into Indonesia were more controversial—indeed, more like East Timor's. The western half of New Guinea was not added to the Republic of Indonesia until 1962–63, when diplomatic pressure and a military campaign mounted by Jakarta obliged the Netherlands to turn the territory over, so long as this was eventually shown to be an "act of free choice." In 1969, Jakarta "kept" this promise by manipulating selected tribal leaders into agreeing, without a vote, to affiliate with Indonesia. Other things being equal, this history will make it harder for Jakarta to resist giving the people of Papua a new and truly free choice between futures.

Indonesia's future in the near term depends partly on the survival of Wahid. At 59, he is comparatively young for a head of state. But

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although his stamina is impressive, he suffers from high blood pressure, diabetes, and the aftereffects of two strokes. He is blind in one eye and has only 20 percent vision in the other. Wahid's presidency is scheduled to run to 2004, but if he becomes incapacitated, Vice President Megawati Sukarnoputri is slated to replace him. She lacks Wahid's political skills, however, as well as his Muslim credentials and possibly his willingness to experiment with federalism by another name. Her chief rival, Assembly Chair Rais, is a committed Muslim who clearly favors decentralization. But just as Sukarnoputri's presidency would worry some Muslim politicians, Rais' would disturb many non-Muslim leaders.

Indonesia, then, will survive. Aceh and Papua may not remain inside it, but their farewells, if they happen, are unlikely to set in motion a process that reduces the republic to the island of Java. Adaptations to differing localities and demands can still usefully be made, even at some cost in consistency. Barring another economic collapse, co-optation by Jakarta can be effective. Revenues from resources can be shared. Decentralization can be adopted. A pseudo-federal system can be tried. Centripetal diplomacy can work. But these "cans" cannot be turned into "wills" without sustained, focused, and adroit behavior by a central government that is weak, divided, and embattled on many fronts at once.

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Brazil's New Capitalism

Juan de Onis

NO TURNING BACK

IN THE PAST DECADE, Brazil has entered the first stages of a modern capitalist reorganization. Its economic transition has been gradual, but the country has avoided crippling setbacks. For many observers, Brazil seems finally to be pulling itself out of two frustrating decades of economic stagnation and political turmoil.

Not all observers accept these changes with unalloyed enthusiasm, however. The political left abhors what it portrays as an alienating, neoliberal destruction of Brazil's national development by international finance capitalism. But regardless of their preferences, everyone agrees that change is finally happening. As economic historian Ricardo Bielchowsky put it, Brazil's new economic model is radically different from its predecessor. In the new economy, investors have the freedom to make their own investment choices based on market changes. Of course, whether investors will use their new freedom to allocate resources effectively remains uncertain.

What makes Brazil's economic transition historic is that today's reforms break with an economic model that dominated the country for nearly 50 years. From 1940 to 1989, Brazil staked its hopes on a form of nationalist mercantilism that operated through state controls of commerce and credit. Centrally directed state enterprises provided infrastructure and services, while highly protected and subsidized industries and agriculture made up a dependent private sector. In 1974, Eugenio Gudin, a champion of economic liberalism, described this unique economic system as

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capitalist in principle but with more state control than in any other noncommunist country.

The old model fostered industrial development based on the country's large internal market. And it produced some significant strategic advances in oil, energy, and agriculture. Economic growth averaged more than six percent a year over three decades.

But Brazil's robust growth came to a halt in 1980 when its economy was buffeted by extravagant bouts of inflation. To make matters worse, a mountain of unpayable foreign debt, endemic corruption, and a chronic waste of capital all undermined fiscal discipline. When Brazil's access to foreign loans dried up during the debt crisis of the 1980s, its state-centered economy went broke. Brazil has not resumed sustained growth of this kind since.

Today, by contrast, the "new model" reforms created by President Fernando Henrique Cardoso feature a political economy in which private enterprise, including foreign investment, is assigned an expanded responsibility for economic development. The role of the Brazilian state in a free market is being redefined, shifting the emphasis in public spending toward improving education and health services and alleviating poverty. The state still retains control of macroeconomic policy, operates important public credit facilities, produces oil and electric power, and regulates public services. But regulators acknowledge that private investors must be able to make profits if they are going to expand the supply of goods and services in a fast-growing market. In this new private-public partnership, the state facilitates private initiatives that provide capital and efficiency. The signs of a nascent capitalist reorganization are clear: sound money, trade liberalization, privatization and a shrinking state role in the productive sectors of the economy, a strengthened private banking system, growing capital markets, and greater investment from abroad.

But Brazil's transition to a modern capitalist economy remains incomplete. Many current assessments are cautious and tentative, overshadowed by Brazil's long and painful record of false starts toward monetary stabilization and economic reform. Achieving any of Brazil's desired economic goals depends on Cardoso's successful implementation of the reforms now under way. Anything short of both a consolidation of monetary stability based on fiscal discipline and a resumption of noninflationary economic growth will leave Brazil too weak to play a regional or a global role.

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BRAZIL'S PROMISE

WHY DOES BRAZIL merit the world's attention? First, because the stakes are high. Brazil has more than 165 million people and the world's tenth-largest national economy—larger than Russia's. Brazil has a modern domestic market served by modern credit systems, and its electronic communications sector includes ten million Internet users. The country's industrial base is by far the biggest and most diversified in Latin America and is moving rapidly into advanced technologies. Commercial agriculture is modern and competes worldwide in soybeans, sugar, orange juice, coffee, and processed animal proteins, with vast prospects for expansion. Among the "big emerging markets," which include China, India, and Indonesia, Brazil has the best economic and political prospects for becoming a modern, "first world" economy. This is the bet being made by foreign investors, who have poured in $300 billion in equity and loans to date.

Second, Brazil physically encompasses more than half of South America and shares borders with nine neighbors. It is the linchpin of the continent. This geopolitical reality makes Brazil the pivotal country for consolidating a regional common market and a stable political community in South America. Moreover, the integration of this region into the global economy as a viable trader lies in the economic and political interests of the United States and Europe.

Third, Brazil is one of the main testing grounds in the developing world for free markets, open trading, and private enterprise. The success of these systems in Brazil would have a political impact beyond the region, particularly in Africa, to which Brazil has ethnic, cultural, and historical ties as well as geographical proximity. Brazil is already cultivating relations with Nigeria, South Africa, Angola, and Mozambique, which it sees as promising trade partners.

BLAME IT ON THE REAL

IN OCTOBER 1998, President Cardoso was re-elected to a four-year term by a solid majority. It was the second time he had defeated the favorite of the left, Luiz Inacio "Lula" da Silva, a former autoworkers' union leader who heads the Workers Party. But Cardoso's path to this

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second victory was not easy. As his first term was ending, Cardoso, a member of the Brazilian Social Democratic Party (PSDB), was still riding the success of his 1994 Real Plan, which simultaneously tamed inflation and improved the purchasing power of low-income consumers. The Real Plan defeated inflation initially by abolishing price and wage indexations. Monetary stability was maintained by higher taxation and high interest rates that contained consumer demand. During the election campaign in August 1998, however, the Russian debt crisis erupted and shook precarious emerging markets everywhere, including in Brazil. Thankfully for Cardoso, voters remained well disposed toward him despite the resulting economic slowdown and increased unemployment. And as the opposition offered no attractive alternatives, Cardoso won with 54 percent of the vote, even while warning that a period of austerity would follow the election.

Cardoso's commitment to fiscal discipline, however, was soon undermined. First, the president failed to sell to his wobbly majority in the congress a key reform of the social security system designed to halt the snowballing deficit. Adding to this costly defeat, Itamar Franco, the newly elected governor of Minas Gerais (Brazil's second-largest state), repudiated that state's debts to the federal government. An opposition front of governors began demanding fiscal handouts from the center. Public opinion polls showed a sharp drop in Cardoso's approval ratings, and his besieged government looked weak. The opposition called for Cardoso's resignation, even impeachment.

Turmoil soon spread from the opposition parties to the president's inner circle. A "developmentalist" faction in the PSDB tried to unseat his economic team, led by Minister of Finance Pedro Malan. This faction managed to displace Gustavo Franco, the president of the Central Bank, and used Franco's replacement—who lasted two weeks in office—to devalue the real on January 13, 1999. The devaluation was presented as a way of jump-starting the Brazilian economy by making cheap credit available and stimulating exports. Unfortunately, this move plunged Brazil into the worst moment of Cardoso's presidency.

Brazil's new economic model was suddenly facing a serious shock. The government's anti-inflation program was nearly derailed by the capital flight from Brazil after the Russian debt moratorium, the congress' failure to reduce deficit spending, and the bungling by

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monetary authorities of the real's devaluation. On January 15, with capital flight eroding Brazil's reserves, the real was allowed to float freely. The unintended result was a panic-driven massive depreciation of the real's exchange value by 60 percent in a few days. Soon, alarmed observers warned of an Asian-style recession, acute unemployment, a default on the public debt, and a return to inflation and indexation. The Real Plan looked as though it were about to implode.

INSULATED

IN FACT, nothing so grave took place. Instead of shrinking by five percent, as many international economists predicted it would, the Brazilian economy ended 1999 on an even keel, with its gross domestic product (GDP) rising and employment up slightly. Interest rates fell steadily during the year. The real strengthened on the free-exchange market. Consumer prices increased less than 10 percent. Although wholesale prices rose nearly 20 percent (reflecting higher costs for petroleum imports), producers absorbed these increases without passing them on in retail prices. Consumers and supermarket chains firmly resisted any price rises—a fundamental change in Brazil's "inflationary culture." Only providers of public services, such as electricity and telephones, and the government-subsidized sugar and alcohol industries raised prices by more than the rate of inflation.

Even in the critical area of Brazil's access to foreign capital, the January 1999 real crisis caused no lasting disruption. After an initial withdrawal of some short-term capital, investors poured in $29 billion in foreign funds—the highest yearly total of the decade. Some of this money took the form of direct investments for privatization in telecommunications, electric-power generation, and gas distribution. But there were also numerous takeovers, mergers, and portfolio investments. The inflow of capital fully financed Brazil's balance-of-payments deficit during a year when exports fell far short of expectations. As a result, Brazil drew on less than half of the $42 billion support package put together in December 1998 by the International Monetary Fund as a defense for the Real Plan.

Why did the Real Plan not implode? What ensured the ultimate success of the real's devaluation? Thanks to earlier reforms, enough

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economic fundamentals were in place to maintain stability. The banking system was solid, public-sector revenues were rising, privatization reduced losses in state enterprises, and agricultural and livestock output helped keep food prices stable. None of these conditions existed when earlier Brazilian stabilization plans had unraveled.

In retrospect, the devaluation was a blessing in disguise, and it marked a turning point for the Real Plan. Cardoso, a sociologist and politician known more as an artful compromiser than as a stern economic manager, began revealing a new political will. After flirting with advice to loosen up credit and stimulate the economy with "a little inflation," the president made a fundamental decision to persevere in his anti-inflation and market-opening policies without resorting to political wild cards. He stuck with Finance Minister Malan and the able economic team that backed orthodox remedies for fiscal problems. And when Arminio Fraga, a well-known Wall Street operator, joined the group as the new president of the Central Bank, the international financial community let out a sigh of relief. As for the developmentalists, they were defeated by Malan's resistance to their tactics and by Fraga's appointment to the bank.

BUY NOW, PAY LATER

THE DEVALUATION'S IMPACT on the national and global economies was ultimately softened. But the Brazilian government recognized that the Real Plan's underlying problem, and the cause of the 1999 devaluation, still festered: Brazil's national public debt had grown phenomenally. During the first four years of the Real Plan, the debt level rose from 30 percent of GDP to more than 50 percent. Annual interest payments on this debt soared to nearly 13 percent of GDP, the equivalent of 40 percent of tax revenues. This occurred despite steady increases in federal tax revenues, which had grown 30 percent since 1994. But spending had grown even faster, making the fiscal gap and the balance-of-payments deficit unsustainable. Brazil could no longer borrow its way out. It also had to close a $7 billion commercial-payments deficit generated by an excess of imports over exports.

One problem was built into the plan itself. The stability of the real was based on a strategy that overvalued the exchange rate and accepted

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heavy public borrowing as the anchor of the anti-inflation program. The theory was that fiscal discipline could wait and that borrowing would buy time until the congress got around to cutting the budget. This borrowing strategy initially achieved a dramatic reduction in inflation by banking on cheap imports to hold down domestic prices and on foreign and domestic loans to pay government bills. But the government failed to stave off the debt explosion that followed—the slowdown in inflation perversely deepened the fiscal hole, making debt more expensive.

Furthermore, the Real Plan aggravated public debt when it tackled another long-standing fiscal problem. The Brazilian government had been trying to increase its revenues through an "inflation tax" that increased tax returns by indexing them against inflation. But government spending on public salaries and payments to suppliers lagged, in real terms, because these items were not indexed. So employees and suppliers ended up worse off. This disguised government swindling of wage earners and creditors totaled more than 10 percent of GDP—a "tax," never approved by the congress, that fell far more heavily on the poor than on the rich. To counter the inflation tax, Cardoso again chose the risky strategy of borrowing now and cutting spending later. In a study of the Real Plan commissioned by the U.N. Economic Commission for Latin America and the Caribbean, Rubens Penha Cysne summarized the problem well when he wrote that the government should have slashed spending, not increased debts.

The Real Plan assumed that borrowing would buy time and that fiscal discipline could wait.

Nonetheless, Cardoso should not get all the blame. Many of the debts that have appeared during the Real Plan were legacies from inflationary times, when problems of public finances were ignored. For instance, unfinanced entitlements—benefits voted into existence by politicians who never provided the means to pay—have overwhelmed Brazil's purse. Additionally, the treasury found itself obliged after 1994 to cover huge, escalating deficits in the social security system—deficits that now equal 10 percent of GDP each year. The Central Bank invested more than $21 billion to clean up the private banking system and another $30 billion to close down and privatize bankrupt

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state banks. As the majority shareholder in the Bank of Brazil, the government put up $8 billion to recapitalize this institution because of losses in loans never repaid by big farmers and other favored clients. In effect, the treasury wound up refinancing worthless obligations incurred by states and municipalities. Although the formal agreements required that borrowers put their finances in order, these deals always smelled of politics. Ultimately, the cleanups all came out of taxpayers' pockets.

The disastrous impact of these legacies on the current financial situation can be measured by the fact that treasury outlays to meet unfunded, "off budget" obligations have already exceeded the $80 billion in revenues generated by the privatization of state enterprises and concessions during the Cardoso government. As a result, the public debt has grown despite efforts to sell state assets and reduce both the debt and its crushing interest payments.

THE ROAD TO WELLVILLE

PUTTING Brazil's public finances in order is an Augean task. Although the Cardoso government has made respectable progress so far, further spending cuts must take place. A start was made in 1999, when Brazil achieved a federal budget surplus of 3.2 percent of GDP, thanks to a 6.7 percent increase in tax revenues and a cap on discretionary spending.

Reversing past deficits caused by ever-higher interest payments, however, will halt the growing public debt only if similar budget surpluses are maintained for the next three years. Such surpluses will require not only a tight control on spending but congressional approval of full-scale social security reform, tax reform, and a three-year budget—known as the PPA—that ties public investments and social spending to specific sources of revenues.

The current PPA, which runs until 2003, is the charter document of Cardoso's economic model for his second term. The product of 30 months of work by 80 government economists and private consultants, the PPA provides a road map for putting the Brazilian economy back on track. It forecasts this year's growth at four percent, continuing at an annual rate of four to five percent until 2003. If achieved, this rate would be quite an accomplishment in light of the past two decades,

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when annual growth averaged two percent and Brazil's per capita income steadily declined. At least 40 million people in Brazil still live below the poverty line, with a monthly per capita income of $60 or less.

Prepared by the Ministry of Planning and the Ministry of Budget and Management, the PPA development document shuns unfinanced spending extravaganzas of the old, inflationary way. Instead, it advocates making investments compatible with the budget surplus targets. The PPA's authors have given priority to an assortment of economic and social investments, organized into 365 programs, that total $600 billion over four years. Most are public-sector investments that include heavy spending on education and health and on such productive state enterprises as Petrobrás, the oil company, and Electrobrás, the energy company. Private investors, both domestic and foreign, and non-governmental organizations are expected to supplement this financing. The goal is to increase Brazil's investment level to more than 20 percent of GDP this year—without increasing the public debt. Already, the PPA has prompted an electric power expansion of 13,000 megawatts over three years by private investors in partnership with Petrobrás and Electrobrás. Investments of more than $20 billion would be financed almost entirely by private capital.

Other fiscal improvements have been made, as well. For instance, the fiscal adjustment carried out in 1999 reduced the public-sector debt to just below 50 percent of GDP. The surpluses anticipated by the PPA for the next two years should further reduce the debt level to about 46 percent of GDP. Moreover, the fiscal turnaround in 1999 included a surplus from states and municipalities that had saved nothing in previous years, proving the effectiveness of the recent debt-refinancing agreements made with subnational governments.

In addition to budgetary controls, spending caps and fiscal responsibility are badly needed at all levels of government. Brazil is a vigorous federal democracy in which voting is frequent at the national, state, and municipal levels. Brazil has 27 state governors and 10 mayors of large metropolitan cities, each of whom represents a power center that is often at odds with the central government in Brasília. Until recently, these state and municipal units have been reckless spenders, passing on to the national treasury one-third of all public-sector deficits.

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One reason why spending was so rampant is that even though the poor suffered more from high inflation than did the rich, many politicians failed to get the message until recently. They stuck to the traditional populist view that spending is good and were therefore hesitant to vote for austerity measures they felt might backfire in the next election. Now the federal government has managed to challenge this bias toward spending. A recent special session of the congress produced surprisingly large majorities in favor of tightening budgetary controls and punishing fiscally irresponsible federal, state, and local officials. The result was the Law of Fiscal Responsibility, which makes the waste of public monies by officials not just an administrative misdemeanor but a criminal offense, punishable by disqualification from public office.

If fiscal discipline prevails at the state and municipal levels, it will be one of the major accomplishments of the Real Plan. Cardoso has had to bargain at every step of the reforms with a multiparty, bicameral congress riddled with parochial interests. Because of these efforts, a fiscal law has emerged that will signal a renewed chance at economic progress. In addition, a new fiscal federalism should accompany the law and oblige states and municipalities to borrow on private capital markets, no longer banking on the federal government to bail them out with "political criteria."

PROGRESS CHECK

MORE THAN 100 million Brazilian voters will get a chance to evaluate Cardoso and his reforms in October 2000, when nationwide municipal elections will be held. The results of these local contests, particularly those in major cities, will be watched closely for signs of the direction in which public sentiments are moving. Political analysts regard the municipal elections as the first round of the 2002 presidential elections that will produce Cardoso's successor.

The elections have two possible outcomes, each heavily dependent on the success of economic reform. If the public anger and insecurity that followed the real's devaluation in early 1999 continue into the next election, the opposition could harvest a large protest vote. So hopes the alliance of the left, composed of Lula's Workers Party (PT),

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the Democratic Labor Party (PDT), the Socialists of Miguel Arraes, and the wing of the Brazilian Democratic Movement Party (PMDB) that supports Governor Franco. All of these groups share a visceral desire to humble Cardoso, but none offers an alternative program. Lula's classic riposte to critics asking for a PT government program is that "an opposition doesn't need a program, it needs to oppose."

But what if the reforms take hold and the Cardoso administration's new economic model begins to generate growth and jobs, as the government is predicting? Public moods often shift suddenly in Brazil, where politics is driven more by emotions than by rational calculations or party loyalties. In a more upbeat situation, candidates representing the centrist coalition that supports Cardoso could do well. These allies include Cardoso's own PSDB, the Liberal Front Party (PFL) of Antonio Carlos Magalhaes (the powerful Bahian president of the Senate), and the catchall PMDB.

Until recently, Brazil's state and municipal units have been reckless spenders.

If the recent elections in the rest of South America are any indication for Brazil, predictions of a backlash and a protest vote against free-market reforms and trade liberalization are greatly exaggerated. Brazil's Real Plan belongs to the family of reforms that have been adopted by Argentina, Uruguay, and Chile. And the presidential contests that took place this year in those countries resulted in victories for Fernando de la Rua in Argentina, Jorge Batlle in Uruguay, and Ricardo Lagos in Chile—each fully committed to free-market reforms.

The results of these elections are also significant because they involve Brazil's partners in Mercosur, a customs union that will form the future common market of South America. This trading bloc, with $20 billion in regional trade, is currently negotiating to better coordinate macroeconomic policies, investment rules, and other aspects of integration. The prospects for moving toward a regional common market are improved by the fact that Mercosur member countries are on the same political and economic wavelength—they all share the goal of a free-market, globally oriented capitalist enterprise.

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WAITING TO EXHALE

THE FUTURE of Brazilian reforms will largely depend on whether the economic revival Cardoso predicts for this year takes place in time to convince voters that the new model is a successful strategy. To survive, Cardoso must prove that his model is capable of generating economic growth.

But macroeconomic stability alone, despite the virtues of low inflation and falling interest rates, is not sufficient to assure rapid growth. Instead, growth depends on a more dynamic initiative by the private sector. And therein lies the rub. Unfortunately, today's reforms contain a contradiction between fiscal policy and efforts to increase private investment. Cardoso's economic team is trying to raise public revenues through higher taxes—but that diverts savings away from private enterprise. The tax burden in Brazil is more than 30 percent of GDP, higher than in most developing countries. On top of the tax hikes, the public sector continues to borrow at high interest rates. This makes credit scarce and very expensive for Brazilians, who developed a near addiction to cheap public credit during the inflationary period.

Can the Brazilian private sector fulfill its role in the new economic model as leader of the country's economic growth? With the opening of the Brazilian economy, foreign investors have rapidly expanded their positions in infrastructure, industry, banking, and commerce. They are bringing in billions in fresh funds and new technologies that can make Brazil competitive in the global economy. But foreign investment is not enough. Indeed, the privatization and acquisitions of Brazilian firms have already generated adverse nationalist reactions.

The local business community is full of complaints over high taxes, costly credit, and government regulations. These protests raise doubts about the implementation of the new economic model as a private entrepreneurial system. One of the biggest questions is what role Brazil's big private banks will play. These banks are very profitable but invest far more in financing government debts than in supporting private investment. The capital markets in Brazil, therefore, do not play the part they should in underwriting the emergence of

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new firms. Brazilian private entrepreneurs do not seek capital through public share offerings—partly because savers are wary of equity after having had bad experiences as minority shareholders. So the Brazilian capital market must be reformed in order to make buying stocks more attractive.

At this stage in Brazil's capitalist reorganization, the essential question of entrepreneurial dynamics within the new model remains unanswered. Cardoso stated in March that he believes his government has been doing its part, so private entrepreneurs should now "do their stuff." Ultimately, the economy will grow if a strong capital market emerges, broadening public participation in Brazil's new capitalism.

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China's Big Mac Attack

James L. Watson

RONALD MCDONALD GOES TO CHINA

LOOMING OVER Beijing's choking, bumper-to-bumper traffic, every tenth building seems to sport a giant neon sign advertising American wares: Xerox, Mobil, Kinko's, Northwest Airlines, IBM, Jeep, Gerber, even the Jolly Green Giant. American food chains and beverages are everywhere in central Beijing: Coca-Cola, Starbucks, Kentucky Fried Chicken, Häagen-Dazs, Dunkin' Donuts, Baskin-Robbins, Pepsi, TCBY, Pizza Hut, and of course McDonald's. As of June 1999, McDonald's had opened 235 restaurants in China. Hong Kong alone now boasts 158 McDonald's franchises, one for every 42,000 residents (compared to one for every 30,000 Americans).

Fast food can even trump hard politics. After NATO accidentally bombed the Chinese embassy in Belgrade during the war in Kosovo, Beijing students tried to organize a boycott of American companies in protest. Coca-Cola and McDonald's were at the top of their hit list, but the message seemed not to have reached Beijing's busy consumers: the three McDonald's I visited last July were packed with Chinese tourists, local yuppies, and grandparents treating their "little emperors and empresses" to Happy Meals. The only departure from the familiar American setting was the menu board (which was in Chinese, with English in smaller print) and the jarring sound of Mandarin shouted over cellular phones. People were downing burgers, fries, and Cokes. It was, as Yogi Berra said, déjà vu all over again; I had seen this scene a hundred times

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before in a dozen countries. Is globalism—and its cultural variant, McDonaldization—the face of the future?

IMPERIALISM AND A SIDE OF FRIES

AMERICAN ACADEME is teeming with theorists who argue that transnational corporations like McDonald's provide the shock troops for a new form of imperialism that is far more successful, and therefore more insidious, than its militarist antecedents. Young people everywhere, the argument goes, are avid consumers of soap operas, music videos, cartoons, electronic games, martial-arts books, celebrity posters, trendy clothing, and faddish hairstyles. To cater to them, shopping malls, supermarkets, amusement parks, and fast-food restaurants are popping up everywhere. Younger consumers are forging transnational bonds of empathy and shared interests that will, it is claimed, transform political alignments in ways that most world leaders—old men who do not read *Wired*—cannot begin to comprehend, let alone control. Government efforts to stop the march of American (and Japanese) pop culture are futile; censorship and trade barriers succeed only in making forbidden films, music, and Web sites irresistible to local youth.

One of the clearest expressions of the "cultural imperialism" hypothesis appeared in a 1996 *New York Times* op-ed by Ronald Steel: "It was never the Soviet Union, but the United States itself that is the true revolutionary power. ... We purvey a culture based on mass entertainment and mass gratification. ... The cultural message we transmit through Hollywood and McDonald's goes out across the world to capture, and also to undermine, other societies. ... Unlike traditional conquerors, we are not content merely to subdue others: We insist that they be like us." In his recent book, *The Lexus and the Olive Tree,* Thomas Friedman presents a more benign view of the global influence of McDonald's. Friedman has long argued in his *New York Times* column that McDonald's and other manifestations of global culture serve the interests of middle classes that are emerging in autocratic, undemocratic societies. Furthermore, he notes, countries that have a McDonald's within their borders have never gone to war against each other. (The NATO war against Serbia would seem to

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shatter Friedman's Big Mac Law, but he does not give up easily. In his July 2, 1999, column, he argued that the shutdown and rapid reopening of Belgrade's six McDonald's actually prove his point.)

If Steel and his ideological allies are correct, McDonald's should be the poster child of cultural imperialism. McDonald's today has more than 25,000 outlets in 119 countries. Most of the corporation's revenues now come from operations outside the United States, and a new restaurant opens somewhere in the world every 17 hours.

McDonald's makes heroic efforts to ensure that its food looks, feels, and tastes the same everywhere. A Big Mac in Beijing tastes virtually identical to a Big Mac in Boston. Menus vary only when the local market is deemed mature enough to expand beyond burgers and fries. Consumers can enjoy Spicy Wings (red-pepper-laced chicken) in Beijing, kosher Big Macs (minus the cheese) in Jerusalem, vegetable McNuggets in New Delhi, or a McHuevo (a burger with fried egg) in Montevideo. Nonetheless, wherever McDonald's takes root, the core product—at least during the initial phase of operation—is not really the food but the experience of eating in a cheerful, air-conditioned, child-friendly restaurant that offers the revolutionary innovation of clean toilets.

Critics claim that the rapid spread of McDonald's and its fast-food rivals undermines indigenous cuisines and helps create a homogeneous, global culture. Beijing and Hong Kong thus make excellent test cases since they are the dual epicenters of China's haute cuisine (with apologies to Hunan, Sichuan, and Shanghai loyalists). If McDonald's can make inroads in these two markets, it must surely be an unstoppable force that levels cultures. But the truth of this parable of globalization is subtler than that.

THE SECRET OF MY SUCCESS

How did McDonald's do it? How did a hamburger chain become so prominent in a cultural zone dominated by rice, noodles, fish, and pork? In China, adult consumers often report that they find the taste of fried beef patties strange and unappealing. Why, then, do they come back to McDonald's? And more to the point, why do they encourage their children to eat there?

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McDonald's Restaurants by Country (as of June 30, 1999)

United States	12,490
Japan	2,985
Canada	1,093
Germany	947
Brazil	771
France	744
Taiwan	310
China	235
Italy	211
Hong Kong	158
Other	5,397
Total	25,341

The history of McDonald's in Hong Kong offers good clues about the mystery of the company's worldwide appeal. When Daniel Ng, an American-trained engineer, opened Hong Kong's first McDonald's in 1975, his local food-industry competitors dismissed the venture as a nonstarter: "Selling hamburgers to Cantonese? You must be joking!" Ng credits his boldness to the fact that he did not have an M.B.A. and had never taken a course in business theory.

During the early years of his franchise, Ng promoted McDonald's as an outpost of American culture, offering authentic hamburgers to "with-it" young people eager to forget that they lived in a tiny colony on the rim of Maoist China. Those who experienced what passed for hamburgers in British Hong Kong during the 1960s and 1970s will appreciate the innovation. Ng made the fateful decision not to compete with Chinese-style fast-food chains that had started a few years earlier (the largest of which, Café de Coral, was established in 1969). The signs outside his first restaurants were in English; the Chinese characters for McDonald's (Cantonese *Mak-dong-lou,* Mandarin *Mai-dang-lao*) did not appear until the business was safely established. Over a period of 20 years, McDonald's gradually became a mainstay of Hong Kong's middle-class culture. Today the restaurants are packed wall-to-wall with busy commuters, students, and retirees who treat them as homes away from home. A

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1997 survey I conducted among Hong Kong university students revealed that few were even aware of the company's American origins. For Hong Kong youth, McDonald's is a familiar institution that offers comfort foods that they have eaten since early childhood.

Yunxiang Yan, a UCLA anthropologist, hints that a similar localization process may be underway in Beijing. McDonald's there is still a pricey venue that most Chinese treat as a tourist stop: you haven't really "done" Beijing unless you have visited the Forbidden City, walked around Tiananmen Square, and eaten at the "Golden Arches." Many visitors from the countryside take Big Mac boxes, Coke cups, and napkins home with them as proof that they did it right. Yan also discovered that working-class Beijing residents save up to take their kids to McDonald's and hover over them as they munch. (Later the adults eat in a cheaper, Chinese-style restaurant.) Parents told Yan that they wanted their children to "connect" with the world outside China. To them, McDonald's was an important stop on the way to Harvard Business School or the MIT labs. Yan has since discovered that local yuppies are beginning to eat Big Macs regularly. In 20 years, he predicts, young people in Beijing (like their counterparts in Hong Kong today) will not even care about the foreign origin of McDonald's, which will be serving ordinary food to people more interested in getting a quick meal than in having a cultural experience. The key to this process of localization is China's changing family system and the emergence of a "singleton" (only-child) subculture.

THE LITTLE EMPERORS

IN CHINA, as in other parts of East Asia, the startup date for McDonald's corresponds to the emergence of a new class of consumers with money to spend on family entertainment. Rising incomes are dramatically changing lifestyles, especially among younger couples in China's major cities. Decisions about jobs and purchases no longer require consultations with an extended network of parents, grandparents, adult siblings, and other kin. More married women in Hong Kong, Beijing, and Shanghai work outside the home, which in turn affects child-rearing practices, residence patterns, and gender relations. At least in the larger cities, men no longer rule the roost. One of

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China's most popular television shows features a search for the "ideal husband," a man who does the shopping, washes the dishes, and changes the baby's diapers—behavior inconceivable in Mao's heyday.

Most Chinese newlyweds are choosing to create their own homes, thereby separating themselves from parents and in-laws. The traditional system of living with the groom's parents is dying out fast, even in the Chinese countryside. Recent research in Shanghai and Dalian (and Taipei) shows that professional couples prefer to live near the wife's mother, often in the same apartment complex. The crucial consideration is household labor—child care, cooking, shopping, washing, and cleaning. With both husband and wife working full time, someone has to do it, and the wife's mother is considered more reliable (and less trouble) than the husband's mother, who would expect her daughter-in-law to be subservient.

In China, the fast-food industry helped start a consumer revolution led by children.

In response to these social and economic changes, a new Chinese family system is emerging that focuses on the needs and aspirations of the married couple—the conjugal unit. Conjugality brings with it a package of attitudes and practices that undermine traditional Chinese views regarding filial piety and Confucianism. Should younger couples strive, irrespective of personal cost, to promote the welfare of the larger kin group and support their aging parents? Or should they concentrate on building a comfortable life for themselves and their offspring? Increasingly, the balance is shifting toward conjugality and away from the Confucian norms that guided earlier generations.

The shift also coincides with a dramatic decline in China's birth rate and a rise in the amount of money and attention lavished on children. The Communist Party's single-child family policy has helped produce a generation of "little emperors and empresses," each commanding the undivided affection and economic support of two parents and (if lucky) four grandparents. The Chinese press is awash with articles bemoaning the rise of singletons who are selfish, maladjusted, and spoiled beyond repair—although psychologists working on China's singletons find them little different from their American or European counterparts.

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McDonald's opened in Beijing in 1992, a time when changes in family values were matched by a sustained economic boom. The startup date also coincided with a public "fever" for all things American—sports, clothing, films, food, and so on. American-style birthday parties became key to the company's expansion strategy. Prior to the arrival of McDonald's, festivities marking youngsters' specific birth dates were unknown in most of East Asia. In Hong Kong, for instance, lunar-calendar dates of birth were recorded for use in later life—to help match prospective marriage partners' horoscopes or choose an auspicious burial date. Until the late 1970s and early 1980s, most people paid little attention to their calendar birth date if they remembered it at all. McDonald's and its rivals now promote the birthday party—complete with cake, candles, and silly hats—in television advertising aimed directly at kids.

McDonald's also introduced other localized innovations that appeal to younger customers. In Beijing, Ronald McDonald (a.k.a. Uncle McDonald) is paired with an Aunt McDonald whose job is to entertain children and help flustered parents. All over East Asia, McDonald's offers a party package that includes food, cake, gifts, toys, and the exclusive use of a children's enclosure sometimes known as the Ronald Room. Birthday parties are all the rage for upwardly mobile youngsters in Hong Kong, Beijing, and Shanghai. Given that most people in these cities live in tiny, overcrowded flats, the local Kentucky Fried Chicken or McDonald's is a convenient and welcoming place for family celebrations.

For the first time in Chinese history, children matter not simply as future providers but as full-scale consumers who command respect in today's economy. Until the 1980s, kids rarely ate outside the home. When they did, they were expected to eat what was put in front of them. The idea that children might actually order their own food would have shocked most adults; only foreign youngsters were permitted to make their opinions known in public, which scandalized everyone within earshot. Today children have money in their pockets, most of which they spend on snacks. New industries and a specialized service sector have emerged to feed this category of consumers, as the anthropologist Jun Jing has noted in his new book, *Feeding China's Little Emperors*. In effect, the fast-food industry helped start a consumer

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revolution by encouraging children as young as three or four to march up to the counter, slap down their money, and choose their own food.

In Hong Kong, McDonald's has become so popular that parents use visits to their neighborhood outlet as a reward for good behavior or academic achievement. An old friend told me that withholding McDonald's visits was the only threat that registered with his wayward son. "It is my nuclear deterrent," he said.

McDonald's could not have succeeded in East Asia without appealing to new generations of consumers—children from 3 to 13 and their harried, stressed-out parents. No amount of stealth advertising or brilliant promotions could have done the trick alone. The fast-food industry did not create a market where none existed; it responded to an opportunity presented by the collapse of an outdated Confucian family system. In effect, McDonald's tailgated the family revolution as it swept through East Asia, first in Japan and Hong Kong (1970s), then in Taiwan and South Korea (1980s), and finally in China (1990s). There is no great mystery here, unless one is predisposed to seeing imperialist plots behind every successful business.

GRIMACE

In 1994 students protesting against California's Proposition 187, which restricted state services to immigrants, ransacked a McDonald's in Mexico City, scrawling "Yankee go home" on the windows. In August 1999 French farmers dumped tons of manure and rotting apricots in front of their local McDonald's to protest U.S. sanctions on European food imports. During the past five years, McDonald's restaurants have been the targets of violent protests—including bombings—in over 50 countries, in cities including Rome, Macao, Rio de Janeiro, Prague, London, and Jakarta.

Why McDonald's? Other transnationals—notably Coca-Cola, Disney, and Pepsi—also draw the ire of anti-American demonstrators, but no other company can compete with the "Golden Arches." McDonald's is often the preferred site for anti-American demonstrations even in places where the local embassies are easy to get at. McDonald's is more than a purveyor of food; it is a saturated symbol for everything that environmentalists, protectionists, and anticapitalist

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activists find objectionable about American culture. McDonald's even stands out in the physical landscape, marked by its distinctive double-arched logo and characteristic design. Like the Stars and Stripes, the Big Mac stands for America.

Despite the symbolic load it carries, McDonald's can hardly be held responsible for the wholesale subversion of local cuisines, as its many critics claim. In China's larger cities, traditional specialties are supported by middle-class connoisseurs who treat eating out as a hobby and a diversion. Beijing's food scene today is a gourmet's paradise compared to the grim days of Maoist egalitarianism, when China's public canteens gave real meaning to the term "industrialized food." Party leaders may have enjoyed haute cuisine on the sly, but for most people, eating extravagantly was a counterrevolutionary crime. During the 1960s, refugee chefs kept microregional specialties alive in the back streets of Hong Kong and Taipei, where Panyu-style seafood, Shandong noodles, and Shunde vegetarian delights could be had at less than a dollar a head. Today, many Cantonese and Taiwanese lament the old refugees' retirement and complain that no one has carried on their culinary traditions; the chefs' own children, of course, have become brokers, lawyers, and professors.

Meanwhile, there has been an explosion of exotic new cuisines in China's cities: Thai, Malaysian, Indonesian, French, Spanish, Nepali, Mexican, and Hong Kong's latest hit, Louisiana creole. Chinese-style restaurants must now compete with these "ethnic" newcomers in a vast smorgasbord. The arrival of fast food is only one dimension of a much larger Chinese trend toward the culinary adventurism associated with rising affluence.

McDonald's has not been entirely passive, as demonstrated by its successful promotion of American-style birthday parties. Some try to tag McDonald's as a polluter and exploiter, but most Chinese consumers see the company as a force for the improvement of urban life. Clean toilets were a welcome development in cities where, until recently, a visit to a public restroom could be harrowing. The chain's preoccupation with cleanliness has raised consumer expectations and forced competitors to provide equally clean facilities. Ray Kroc, the legendary founder of McDonald's, was once asked if he had actually scrubbed out toilets during the early years of his franchise: "You're damn right

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I did," he shot back, "and I'd clean one today if it needed it." In a 1993 interview, Daniel Ng described his early efforts to import the Kroc ethos to his Hong Kong franchise. After an ineffectual first try, one new employee was ordered to clean the restrooms again. The startled worker replied that the toilets were already cleaner than the collective facilities he used at home. Ng told him that standards at McDonald's were higher and ordered him to do it again.

Another innovation is the line, a social institution that is seldom appreciated until it collapses. When McDonald's opened in Hong Kong, customers clumped around the cash registers, pushing their money over the heads of the people ahead of them—standard procedure in local train stations, banks, and cinemas. McDonald's management appointed an employee (usually a young woman) to act as queue monitor, and within a few months, regular consumers began to enforce the system themselves by glaring at newcomers who had the effrontery to jump ahead. Today the line is an accepted feature of Hong Kong's middle-class culture, and it is making headway in Beijing and Shanghai. Whether or not McDonald's deserves the credit for this particular innovation, many East Asian consumers associate the "Golden Arches" with public civility.

HAVE IT YOUR WAY

AT FIRST GLANCE, McDonald's appears to be the quintessential transnational, with its own corporate culture nurtured at Hamburger University in Oak Brook, Illinois. But James Cantalupo, the president of McDonald's Corporation, maintains that his strategy is to become as much a part of local culture as possible and protests when people call McDonald's a multinational or a transnational. "I like to call us multilocal," he told *The Christian Science Monitor* in 1991. McDonald's goes out of its way to find local suppliers whenever it enters a new market. In China, for instance, the company nurtures its own network of russet-potato growers to provide french fries of the requisite length. McDonald's has also learned to rely on self-starters like Daniel Ng to run its foreign franchises—with minimal interference from Oak Brook. Another winning strategy, evident everywhere in East Asia, is promoting promising young "crew" (behind-the-counter)

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workers into management's ranks. Surprisingly few managers are dispatched from the Illinois headquarters. Yan found only one American, a Chinese-speaker, on McDonald's Beijing management team.

Critics of the fast-food industry assume that corporations always call the shots and that consumers have little choice but to accept what is presented to them. In fact, the process of localization is a two-way street, involving changes in the local culture as well as modifications of the company's standard mode of operation.

The hallmark of the American fast-food business is the displacement of labor costs from the corporation to consumers. For the system to work, consumers must be educated—or "disciplined"—so that they voluntarily fulfill their side of an implicit bargain: we (the corporation) will provide cheap, fast service if you (the customer) carry your own tray, seat yourself, eat quickly, help clean up afterward, and depart promptly to make room for others. Try breaking this contract in Boston or Pittsburgh by spreading out your newspaper and starting to work on a crossword puzzle in McDonald's. You will soon be ousted—politely in Pittsburgh, less so in Boston.

Key elements of McDonald's pan-national system—notably lining up and self-seating—have been readily accepted by consumers throughout East Asia. Other aspects of the Oak Brook model have been rejected, especially those relating to time and space. In Hong Kong, Taipei, and Beijing, consumers have turned their neighborhood restaurants into leisure centers for seniors and after-school clubs for students. Here, "fast" refers to the delivery of food, not its consumption.

Between 3:00 and 5:30 p.m. on Hong Kong weekdays, McDonald's restaurants are invaded by armies of young people in school uniforms. They buy a few fries, pour them out on a tray for communal snacking,

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and sit for at least an hour—gossiping, studying, and flirting. During the midmorning hours, the restaurants are packed with white-haired retirees who stay even longer, drinking tea or coffee (free refills for senior citizens) and lingering over pancake breakfasts. Many sit alone, reading newspapers provided by the management. Both retirees and students are attracted by the roomy tables, good light, and air-conditioning—a combination not easily found in Hong Kong, Beijing, or Shanghai. In effect, local citizens have appropriated private property and converted it into public space.

The process of localization correlates closely to the maturation of a generation of local people who grew up eating fast food. By the time the children of these pioneer consumers entered the scene, McDonald's was an unremarkable feature of the local landscape. Parents see the restaurants as havens for their school-age children: smoking is banned and (in China and Hong Kong) no alcohol is served, effectively eliminating drugs and gangs. McDonald's has become so local that Hong Kong's youth cannot imagine life without it.

Everyone has heard the story: Japanese little leaguers tour California and spot a McDonald's, whereupon they marvel that America also has Japanese food. Such anecdotes are not apocryphal. The children of visiting colleagues from Taiwan and South Korea were overjoyed when they saw a McDonald's near their temporary homes in the Boston suburbs: "Look! They have our kind of food here," one eight-year-old Korean exclaimed. The stories also work within East Asia: last year, Joe Bosco, an anthropologist at the Chinese University of Hong Kong, took several of his students to Taipei for a study tour. After a week of eating Taiwanese restaurant food, Bosco's charges began to complain that they missed home-style cooking. "Okay," Bosco said, "where do you want to eat tonight?" The students all said, "McDonald's!"

NEXT TO GODLINESS

In China's increasingly affluent cities, parents now worry more about what their children eat outside the home. Rumors frequently sweep through Beijing and Shanghai with the same story line: migrants from the countryside set up a roadside stall selling *youtiar,* deep-fried dough sticks eaten with rice gruel for breakfast. To expand

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the batter, they add industrial detergent to the mix, creating a powerful poison that kills everyone who eats it. Families of the deceased rush back to the scene to discover that the stall has disappeared; the local police are more interested in silencing the survivors than pursuing the culprits. Such stories are, of course, unverifiable, but they carry a "truth" that resists official denials, much like urban legends in the United States. Last summer's food scare in Belgium over dioxin-laced eggs and the recent British mad-cow fiasco were well covered in the Chinese media, feeding the anxieties of urbanites with no reliable system of consumer protection.

McDonald's appeals to China's new elites because its food is safe, clean, and reliable. Western intellectuals may scoff at McDonald's for its unrelenting monotony, but in many parts of the world (including China) this is precisely what consumers find so attractive. Why else would competitors go to such extremes to imitate McDonald's? In Beijing one can find fast-food restaurants with names such as McDucks, Mcdonald's, and Mordornal. In Shanghai a local chain called Nancy's Express used a sign with one leg of the double arches missing, forming an "N." Another popular chain of noodle shops, called Honggaoliang (Red sorghum), advertises itself with a large "H" that bears an uncanny resemblance to the "Golden Arches." All over China, competitors dress their staff in McDonald's-style uniforms and decorate their restaurants in yellow. Corporate mascots inspired by Ronald McDonald—clowns, ducks, cowboys, cats, hamburger figures, mythic heroes, and chickens—parade along the sidewalks of Chinese cities. Local fast-food chains frequently engage in public exhibitions of cleanliness: one worker mops the floors and polishes the windows, all day long, every day. The cleaners usually restrict their efforts to the entryway, where the performance can best be seen by passersby.

SO LONELY

During McDonald's first three years in China, Communist Party officials could barely restrain their enthusiasm over this new model of modernization, hygiene, and responsible management. By 1996, however, media enthusiasm cooled as state authorities began to promote an indigenous fast-food industry based on noo-

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dles, barbecued meats, soups, and rice pots. Now that McDonald's, Kentucky Fried Chicken, and Pizza Hut had shown the way, party officials reasoned, local chains should take over the mass market. (No such chain has seriously challenged McDonald's, but a Shanghai-based restaurateur has fought a much-reported "battle of the chickens" with KFC.)

Meanwhile, China faces yet another family revolution, this one caused by the graying of the population. In 1998, 10 percent of China's people were over 60; by 2020, the figure is expected to rise to approximately 16 percent. In 2025, there will be 274 million people over 60 in China—more than the entire 1998 U.S. population. Since Beijing has made few provisions for a modern social-security system, the implications are profound. The locus of consumer power will soon shift generations as the parents of today's little emperors retire. Unlike the current generation of retirees—the survivors of Maoism—China's boomers will not be content with 1950s-level pensions, and they cannot expect their children to support them. Like their counterparts in the American Association of Retired Persons, future retirees in China are likely to be a vociferous, aggressive lot who will demand more state resources.

So what will happen to child-centered industries? If its experience in Hong Kong is any guide, McDonald's will survive quite handily as a welcoming retreat from the isolation and loneliness of urban life. The full ramifications of China's single-child policy will not be felt for another 20 years. Having one grandchild for every four grandparents is a recipe for social anomie on a truly massive scale. The consequences of China's demographic time bomb can already be seen on the streets of Hong Kong, where the family began to shrink decades ago. Tens of thousands of retirees roam Hong Kong's air-conditioned shopping malls, congregate in the handful of overcrowded parks, and turn their local McDonald's during the midmorning hours into a substitute for the public gardens, opera theaters, and ancestral halls that sheltered their parents. What stands out at McDonald's is the isolation among Hong Kong elders as they try to entertain themselves. Americans may be bowling alone and worrying about the decline of family life, but in early 21st-century Hong Kong, no one even seems concerned about the emergence of a civil society that ignores the elderly.

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WHOSE CULTURE IS IT, ANYWAY?

Is McDonald's leading a crusade to create a homogenous, global culture that suits the needs of an advanced capitalist world order? Not really. Today's economic and social realities demand an entirely new approach to global issues that takes consumers' perspectives into account. The explanatory device of "cultural imperialism" is little more than a warmed-over version of the neo-Marxist dependency theories that were popular in the 1960s and 1970s—approaches that do not begin to capture the complexity of today's emerging transnational systems.

The deeper one digs into the personal lives of consumers anywhere, the more complex matters become. People are not the automatons many theorists make them out to be. Hong Kong's discerning consumers have most assuredly not been stripped of their cultural heritage, nor have they become the uncomprehending dupes of transnational corporations.

In places like Hong Kong, it is increasingly difficult to see where the transnational ends and the local begins. Fast food is an excellent case in point: for the children who flock to weekend birthday parties, McDonald's is self-evidently local. Similarly, the Hong Kong elders who use McDonald's as a retreat from the loneliness of urban life could care less about the company's foreign origin. Hong Kong's consumers have made the "Golden Arches" their own.

One might also turn the lens around and take a close look at American society as it enters a new millennium. Chinese food is everywhere, giving McDonald's and KFC a run for their money in such unlikely settings as Moline and Memphis. Mandarin is fast becoming a dominant language in American research laboratories, and Chinese films draw ever more enthusiastic audiences. Last Halloween, every other kid in my Cambridge neighborhood appeared in (Japanese-inspired) Power Ranger costumes, striking poses that owe more to Bruce Lee than to Batman. Whose culture is it, anyway? If you have to ask, you have already missed the boat.

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Response

The Squandered Presidency

Demanding More from the Commander-in-Chief

Richard N. Haass

U.S. foreign policy in the Clinton era was not a disaster. In some respects, it was even a modest success. Not surprisingly, therefore, the basic theme of those who defend the administration—those who give it reserved praise (Stephen M. Walt, "Two Cheers for Clinton's Foreign Policy," March/April 2000)—is that the Clinton administration did not upset the pervasive peace and prosperity it began its tenure with. This is true, but it is not the whole truth. Indeed, such a defense of the Clinton era misses the larger point: the overriding theme of recent U.S. foreign policy is underachievement and squandered potential. Like investors crowing about the returns of a money-market fund when they could have been sharing in the greatest bull market in history, Clinton supporters are satisfied, rather than upset, only because they compare their gains to what was, rather than what might have been.

Clinton inherited a world of unprecedented American advantage and opportunity and did little with it. Few relationships or institutions bear his imprint; no consensus exists at home on U.S. purposes in the world or how they should be pursued. Indeed, the measure of Clinton's tenure is less what he said and did than what he failed to say and failed to do. As a result, he will bequeath his successor a dangerous international situation and a difficult domestic one—situations more dangerous and difficult than those Clinton himself faced and than should have been allowed to develop.

Despite some noteworthy achievements in foreign as well as domestic policy, the Clinton era was marked by a preference for symbolism over substance and short-term

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crisis management over long-term strategizing. Unlike domestic policy, however, foreign policy suffered from a lack of presidential interest, attention, and respect. It suffered, in short, from malign neglect.

ONE CHEER...

Several of Clinton's accomplishments stand out in the economic realm. Clinton inherited agreements largely negotiated by his predecessor, but he still deserves credit for gaining congressional passage (albeit with mostly Republican votes) of both the North American Free Trade Agreement and the World Trade Organization. In its initial five years, NAFTA contributed to a near doubling in trade volume with America's two largest trading partners and helped insulate Mexico from what would otherwise have been deep recession and political instability. For its part, the WTO provided a set of rules to govern important areas of world trade and a mechanism for resolving disputes among member countries. The WTO is one reason why world trade volume continued to grow steadily, despite the Asian economic crisis. Other economic achievements include the Clinton administration's concerted effort to cobble together the coalition of countries, banks, and international financial institutions that rescued Mexico from an economic meltdown in 1994. It should also be praised for its steady hand during the 1998 Asian economic crisis, when it refused to apply proffered cures that would likely have been more harmful than the disease.

Arms control had important milestones as well. Perhaps the most significant achievement was the agreement that ensured Ukraine, Belarus, and Kazakhstan would voluntarily give up their nuclear weapons to Russia. The Clinton administration also helped persuade a reluctant Senate to ratify the Chemical Weapons Convention and put in place a framework with North Korea that deferred and possibly solved the threat posed by its nuclear weapons program.

Finally, significant diplomatic progress was made in both Northern Ireland and the Middle East. In both instances, the bulk of the credit should go to those local leaders who showed courage and flexibility. But the Clinton administration played a crucial role through its sustained and often high-level diplomatic efforts. And the government's large-scale humanitarian interventions brought some measure of stability—however fleeting or tenuous—to Haiti, Bosnia, and Kosovo.

...BUT NO MORE

These accomplishments, however, do not add up to a foreign policy legacy, because they did not alter the administration's international environment in basic and lasting ways. A foreign policy legacy can result either from achieving something great on the ground (defeating major rivals or building major institutions, for example) or from changing the way people at home or abroad think about international relations. Clinton did neither. Despite what Walt argues, such an outcome was hardly inevitable. It was a deliberate choice on the part of the president, who was not willing to spend political capital for enduring results.

For instance, for all the administration's words on international trade, it made no serious effort to expand NAFTA to Chile or elsewhere, or to initiate a new round for the WTO that would cover agriculture or services. And despite knowing that

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Congress was dubious about extending "fast track" negotiating authority, the administration waited until the last minute to press its case, allowing a crucial tool to slip not just from its own hands but from those of its successors as well. The administration chose to delay bringing China into the WTO and allowed misguided economic sanctions to proliferate. And it conceded so much to its labor and environmental constituencies on trade issues that its rhetoric increasingly echoed the sentiments of WTO critics rather than supporters. Nothing embodies the loss of momentum on trade as much as the December 1999 fiasco in Seattle, which forced the president to acknowledge that protectionist sentiment is stronger now than when he assumed office.

China is a second area where Clinton could have staked a claim to a legacy but failed. He entered office when Sino-American relations were at a low ebb because of the end of the Cold War (which removed the anti-Soviet rationale that had sustained the relationship) and because of the tensions caused by China's Tiananmen Square crackdown. But Clinton never decided how much of a priority to make China, going there only once, six years into his presidency. Nor did he decide which issues mattered most to him—wandering among human rights, trade, Taiwan, and Korea—or how to blend carrots and sticks in his attempts at engagement. China thus oscillated from being portrayed as a human-rights outcast to a would-be strategic partner. The entire Asia-Pacific region grew confused about American intentions. In the end, Clinton forfeited control over the American debate on China and never managed to establish a durable post–Cold War rationale for the relationship.

Unlike China, Russia benefited from the administration's consistent approach and regular high-level attention. It is legitimate to question whether the approach and attention focused too much on personalities and on trying to steer internal reform within Russia. But however that question is answered, what is certain is that not enough was done to deal with the residue of nuclear competition. The U.S. nuclear posture—on both inventory and policy—resembles nothing so much as its Cold War stance, even though the world is fundamentally different today. Furthermore, the decision to push NATO enlargement brought the administration a symbolic victory at the cost of allowing major difficulties with the alliance's chief adversary to persist.

On Iraq, the administration's policy was marked by a confusion of purpose and an inadequacy of means. By late 1998, years of Iraqi refusals to meet U.N. Security Council requirements governing its weapons of mass destruction meant that forceful measures by the United States and its allies were long overdue. Yet instead of attacking Iraq for a purpose—to coerce compliance or even prod Iraqi defense forces to turn on Saddam Hussein—the Clinton administration dropped bombs for an arbitrary period of four days during Operation Desert Fox and then stopped. The result was greater latitude for Saddam to build and hide biological and other weapons without having to worry about credible international monitoring and inspections.

Unlike most of these major relationships, a series of humanitarian interventions in situations where vital U.S. interests were not at stake received extraordinary resources and efforts from the administration. Each

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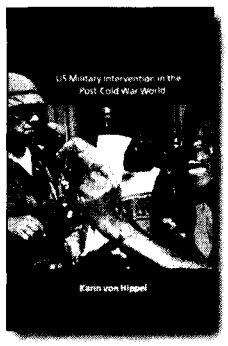
NEW FROM CAMBRIDGE

Democracy by Force

US Military Intervention in the Post-Cold War World

Karin Von Hippel



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Bill McSweeney

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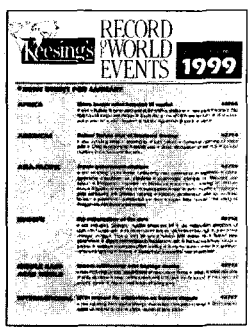

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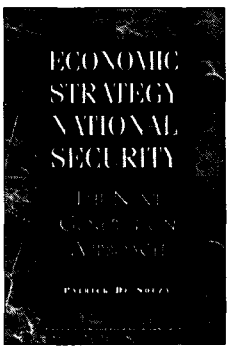
A Next Generation Approach

edited by Patrick J. DeSouza



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crisis may have deserved notice, but as a whole, the operations were not linked by any underlying rationale, nor were they followed through to a successful and sustainable outcome. The administration never made clear why the Somalia mission expanded from narrow humanitarianism to aggressive peacemaking directed at a particular local warlord—nor why, after a single bloody skirmish, the operation was abandoned. The administration never explained why the United States elected to stay out of the Rwandan genocide, or why it believed it could build a new Haiti, or why it stayed out of Bosnia, Kosovo, and East Timor for as long as it did and then intervened in the way it did. The result is that despite all the activity (and strained defense resources), there are few lasting results. And there is no coherent "Clinton doctrine"—unless that means a willingness to intervene when the domestic political cost of standing aloof exceeds the cost of a carefully staged and limited operation.

NO PLUM IN THE PUDDING

Clinton may not leave a legacy in foreign affairs, but what he will leave is a void: no clear priorities, no consistency or thoroughness in the implementation of strategies, and no true commitment to building a domestic consensus in support of internationalism.

What accounts for this sorry state of affairs? In part, it reflects the absence of any overarching intellectual framework. The administration's early experiments—"democratic enlargement" for a goal and "assertive multilateralism" for a strategy—were quickly abandoned, with ad hoc decision-making becoming the norm. Administration supporters speak of the complexity of post–Cold War international relations, the need for flexibility, and so forth, but no such rationalizations can hide the fact that "ad hoc-racy" is no virtue. It provides no basis for the allocation of material resources—whether for defense, intelligence, foreign assistance, or diplomacy—or less tangible factors, such as the time and energy of the president and other senior officials. Only the absence of such a framework could account for the extraordinary attention devoted to such projects as diplomacy in Northern Ireland and the Middle East and military involvement in humanitarian crises, together with the limited effort spent on forging post–Cold War relationships with major powers in a position to affect vital U.S. interests.

Another factor accounting for Clinton's behavior has been the administration's profound politicization of foreign affairs. Clinton was hardly the first president to approach foreign policy through a political lens, and he will not be the last. But he did bring this approach to new heights—or depths. Many of Clinton's major foreign policy decisions can be traced to domestic politics. The fear of domestic political backlash led to the ignominious pullout from Somalia and the refusal to commit ground forces to Kosovo or forces of any sort to Rwanda; a desire to placate organized labor led to the increasing embrace of protectionism; the hope of attracting support from Americans of eastern European descent was a crucial factor behind NATO enlargement; harsh economic sanctions were introduced against Haiti partly to assuage prominent African-American critics of U.S. policy; and U.S. troops were dispatched there when the sanctions contributed to a

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massive and unpopular influx of refugees into Florida.

Domestic politics and "ad hoc-racy" alone, however, cannot fully explain Clinton's foreign policy pattern. A final part of the explanation lies in the extraordinarily low status that Clinton accorded international affairs. It is instructive to look at how the president chose to use the bully pulpit during his term in office. Of some 300 Saturday morning radio addresses he has delivered, perhaps 35—less than 12 percent—were devoted to matters of foreign policy and national security. His inaugural and State of the Union addresses display a similar lack of emphasis on foreign policy, as do the administration's efforts at congressional relations.

The result is that, after two terms in office, Clinton leaves behind not an isolationist America (since isolationists care passionately about having no foreign policy) but an uninterested one. Most Americans are inclined toward internationalism but have little intensity or commitment. As a result, U.S. foreign relations are increasingly influenced by special interests rather than any general interest. And they are increasingly dominated by symbolic gestures—such as economic sanctions or paper commitments—that substitute for the hard work of managing complex relationships, nurturing institutions, and building a support base for necessary but unpopular actions. If the current era of American primacy comes to a premature close and is followed by a time of greater violence and less prosperity, it will be more because of U.S. folly than the rise of a foe.

Giving foreign policy the attention it deserved over the last several years would have required a president willing to invest political capital in the absence of political pressure. With the demise of the Soviet Union, no single force threatened America's existence or stirred public opinion. Congress was increasingly balkanized—many Democrats were less than convinced about the benefits of free trade, and many Republicans were uninterested in international issues and unwilling to trust a leader from an opposing party. The mass media, meanwhile, devoted less time and space to international issues. Following such trends rather than fighting them was the easiest course—and the one Clinton chose. He gave the American people the foreign policy that polls suggested they wanted—unlike a truly great president, who would have tried to lead them toward the foreign policy they needed.

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Shame

Rationalizing Western Apathy on Rwanda

Alas, We Knew

ALISON L. DES FORGES

Alan J. Kuperman plays word games when he asserts that President Clinton could not have known of the "attempted genocide" of Tutsi in Rwanda until April 20, 1994—two weeks into the slaughter—because the press, nongovernmental organizations (NGOs), and the U.N. did not call it a genocide ("Rwanda in Retrospect," January/February 2000).

Two days, not two weeks, after the slaughter began on April 6, U.S. officials knew that extremists with an avowedly genocidal agenda had murdered legitimate Rwandan authorities and were claiming control of the government. U.S. officials knew that these extremists had used the radio to spew anti-Tutsi propaganda for months and that they had recruited, trained, and armed militias. U.S. officials knew that Rwandans had previously used the highly centralized administrative system to organize massacres of Tutsi. And at least some of these officials knew that an eerily prescient CIA study three months before had foreseen a death toll of half a million if violence began again.

As an April 8 State Department briefing made clear, U.S. officials also knew that Hutu soldiers had been killing Tutsi for two days and that the violence was not limited to the capital. They learned this from U.S. embassy personnel and from the French and the Belgians, who had extensive contacts in Rwanda and with whom Washington was planning a joint evacuation of their citizens. U.S. officials had similar reports from the commander of the U.N. peacekeeping force in Rwanda, as well as from Human Rights Watch and other NGOs, which had been calling the State Department since the preceding day.

During the crucial first weeks, the U.N., at the behest of the United States, ordered the more than 2,000 peacekeepers in Rwanda to do nothing to halt the killing and then withdrew all but a rump force of 400 soldiers. Some 1,000 elite French and Belgian troops (backed by 250 U.S. Marines just across the border) swooped in to rescue foreign nationals (most of them not at risk) and then left, ignoring the slaughter of Rwandan civilians. Clinton and other international leaders said nothing of substance. Seeing the international indifference, Rwandans

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became convinced that the genocidal government would succeed. Those who hesitated at first now yielded to fear or opportunism and carried the slaughter throughout Rwanda.

U.N. peacekeepers and the evacuation force could have deterred the killings had they acted promptly. Belgian military records show cases in which they did just that when permitted to use their weapons. Firm and coherent international censure could have influenced the organizers of the genocide. On the two occasions when they received outraged telephone calls from foreign governments, the organizers halted attacks on hundreds of Tutsi at the Hotel des Mille Collines in Kigali. Jamming the genocidal radio broadcasts would have kept the organizers from passing orders directly to the population. The military radio, the only other channel accessible to the genocide's organizers, did not broadcast to civilians.

Kuperman scoffs at such measures. He takes seriously only the possibility of dispatching U.S. troops, who, he states, could easily have ended the genocide. Yet he goes on to argue that even a major American force could have saved no more than a quarter of the intended victims. He presents figures, computations, a chart, and a graph that lend apparent solidity to this conclusion.

But this solidity vanishes when his underlying premises are examined. Kuperman's assertion that troops could not have been deployed until several days after April 20 rests on the incorrect assumption that Clinton learned of the genocide only on that date. Kuperman also assumes that the genocide swept through "most" of Rwanda "immediately" after its start and killed half the victims by April 21. This assumption exaggerates the early extent and the speed of the slaughter.

In 1994, the Clinton administration confounded genocide and internal war, and now Kuperman does it again. He slides without explanation from discussing the genocide to speculating about intervention in an "internal war," arguing that helping the "weaker" side may spur it to reject compromise and escalate fighting.

Let us be clear: There was a war in Rwanda, but the weaker party was the genocidal government fighting the militarily stronger Rwandan Patriotic Front. Tutsi civilians were not a party to the conflict. They were a people targeted for extermination. Helping them would not have escalated fighting but would have saved their lives.

Americans must face the truth, as all the other major international actors in Rwanda—the Belgians, the French, the U.N., and the Organization of African Unity—have already done by investigating their roles in the genocide. Congress should have the courage to follow this lead and investigate what the U.S. government did do and, even more important, what it could have done during a genocide that slaughtered half a million people.

ALISON L. DES FORGES *is a consultant at Human Rights Watch and author of* Leave None to Tell the Story: Genocide in Rwanda.

Kuperman Replies

Alison L. Des Forges' response and William F. Schulz's letter to the editor (March/April 2000) call into question my recent article on Rwandan genocide.

My article relies on three main findings. First, the Rwandan genocide of 1994 was

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perpetrated extremely quickly; about half the ultimate Tutsi victims were dead before the end of the third week. Second, because of the intentional deception by the perpetrators of the genocide and incomplete reporting by Western sources, President Clinton could not have known that a nationwide genocide against Rwanda's Tutsi was occurring until two weeks into the killing. Third, owing to constraints of strategic airlift and military doctrine, several weeks would have been required for a U.S. intervention to stop the genocide. Thus, my article concludes that even if President Clinton had ordered a maximum intervention as soon as he knew genocide was occurring in Rwanda, at most one-fourth of the ultimate Tutsi victims could have been saved, but the majority would not have survived.

Des Forges takes issue with each of these findings. First, she asserts that my article "exaggerates the early extent and the speed of the slaughter." This is puzzling, given her own recent writing on the subject. My article states that "perhaps 250,000 [Tutsi were killed] in just over two weeks." But her 1999 book for Human Rights Watch, *Leave None to Tell the Story,* states, "By two weeks into the campaign, they had slain hundreds of thousands of Tutsi." If anything, my estimate is more conservative than her own.

Second, Des Forges claims that President Clinton knew almost immediately that a genocide was under way because of past ethnic violence in Rwanda, an earlier CIA analysis, and news reports during the first two days that extremists had taken control. Each of these arguments falls apart under closer analysis. Des Forges' book estimates that during the approximately three years of civil war prior to the genocide, about 2,000 Tutsi civilians had been killed—a rate of about 50 per month. Although such killing was extremely troubling, it did not suggest that the death rate would suddenly jump to 250,000 in the following month.

Furthermore, the CIA study was a "desk-level" analysis that contained three possible scenarios, only one of which predicted such mass killings. Intelligence analysts routinely include such a worst-case scenario to cover themselves in case events go awry. Moreover, low-level studies of this sort rarely reach the president. U.S. officials did know, by the second day, about the bloody coup, the large-scale violence in the capital, and the renewed civil war. But they also expected the Tutsi rebels to win quickly. There is no reason to believe that President Clinton or any other U.S. observer knew immediately of the nationwide genocide. Indeed, Des Forges herself, in a *Washington Post* op-ed published on April 17, 1994 (11 days after the outbreak of violence), failed to raise even the prospect of "genocide." Des Forges' hindsight may be 20-20, but the picture was more muddled at the time.

Third, Des Forges claims that deploying intervention forces throughout Rwanda would not have been necessary to stop the genocide. Either "international censure" or quick military action in the capital by the few European evacuation troops present would have been sufficient, she claims. Although anything is possible, this smacks of wishful thinking. The lightly armed Western evacuators were outnumbered five to one by Hutu forces in the capital, so quick victory would have been unlikely. Meanwhile, large-scale massacres ignited throughout most of the country within the first week and

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continued for three months—in the face of repeated international condemnation and sanctions—until Tutsi rebels and late-arriving French troops ventured out to the countryside to stop them. This strongly suggests that once nationwide genocide began, only large-scale military intervention could have assured its rapid end.

Schulz, by contrast, criticizes three purported claims that are nowhere to be found in my article. First, he claims that I am "at pains to deny ... [that] the U.N.'s inaction ... was caused by an utter failure of will." To the contrary, my article discusses how a lack of will led the United States and the United Kingdom to quash efforts to bolster the peacekeeping force prior to the genocide. Moreover, my article underscores that if the West had possessed sufficient will to launch an intervention immediately upon learning of the attempted genocide, it could have saved up to 125,000 Tutsi.

Second, Schulz claims that my "thesis is that we are under a moral imperative to stop genocide only when we can stop it completely." Although my article debunks previous claims that military intervention in Rwanda after the outbreak of violence could have averted the genocide completely, it never suggests that this "exempts us from making the effort." Rather, it offers detailed recommendations for improving the effectiveness of military intervention. In addition, my article suggests devoting more attention to diplomacy, which offers the best hope of actually averting genocide.

Third, Schulz writes that I "cannot seriously contend" that the innocent victims in ethnic conflict "calculatedly invited their fates." What my article actually states is that the leaders of such groups sometimes provoke retaliation against their own civilians in order to galvanize domestic and, especially, international support. This was a repeated tactic of the Bosnian government in its 1992–95 war, as documented by at least two U.N. commanders on the ground. More recently, this cynical tactic was copied with even greater success by the Kosovo Liberation Army. As long as the West comes to the military assistance of groups being victimized because of their own violent provocations, we risk fostering an escalation of ethnic conflict.

Ultimately, Des Forges, Schulz, and I share the same goal—to reduce genocide and other massive abuses of human rights. Where we differ is in tactics. Their organizations, Human Rights Watch and Amnesty International USA, respectively, call for coercive pressure to force oppressive rulers to hand over their powers overnight. But when such rulers face the prospect of losing power and suffering retribution, they may opt instead for a final solution of murdering or expelling their opponents—as in Rwanda, the Balkans, and East Timor. Western military intervention has not and cannot arrive quickly enough to save many innocents. Thus, I offer an alternative prescription: Give less support for violent insurgencies, more incentives for gradual reform, and golden parachutes for departing authoritarian leaders in cases in which forgiving past crimes is the price of preventing future ones.

The best way to stop genocide is not military intervention after the fact but wise diplomacy that prevents genocide from starting in the first place.

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Review Essay

Don't Panic

How Secure Is Globalization's Future?

G. John Ikenberry

The Challenge of Global Capitalism: The World Economy in the 21st Century. BY ROBERT GILPIN. Princeton: Princeton University Press, 2000, 352 pp. $29.95.

A century ago the world entered the first age of globalization. Trade and investment spread rapidly around the world, spurred by revolutions in communication and production technologies and a stable gold standard. Behind the scenes stood Great Britain—preeminent in manufacturing, finance, and naval power—which championed free trade throughout the Victorian era, beginning with the celebrated repeal of its protectionist Corn Laws in 1846. A succession of British governments pursued agreements to lower tariffs; London banks put capital to productive use abroad; and the Royal Navy ensured open access to world markets and resources. The result was an unprecedented flow of goods, capital, and people—and the rise of the first truly open world economy.

In 1900 there was every reason to expect and welcome a future of continued world economic openness. Nineteenth-century globalization advocates such as Richard Cobden and John Bright argued that free trade fostered growth and created vested interests in favor of stable and peaceful relations between countries. After all, Britain's trade missions to continental Europe during this period were not just business initiatives but peace missions as well.

But this optimism was soon to end. The open world order came crashing down in 1914, a victim of rapidly shifting power relations, escalating strategic

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rivalries, the waning of Pax Britannica, and finally, war.

Today the world is well into the second age of globalization, propelled by technological revolutions and the advanced industrial states' commitment to the liberalization of capital and trade. This time, the United States has put its hegemonic weight behind developing the open world economy—creating multilateral institutions, sponsoring trade rounds, opening its own markets to imports, and singing the praises of commercial liberalism. Just like a century ago, the march of global capitalism appears irresistible.

But is this new age of globalization any more secure than the last? In a masterful new account of contemporary world capitalism, one of America's most distinguished scholars of international relations tells us that there is reason to worry. For Robert Gilpin, the political foundations of economic openness have dramatically weakened in the last decade as the explosion of trade and investment has placed new strains on global institutions. In his view, the end of the Cold War was the seminal event for the world economy. Paradoxically, it unleashed new global market forces while intensifying economic conflict among the industrial countries and eroding America's commitment to liberal multilateralism. The rules-based world economy launched at Bretton Woods in 1944 is now breaking down as the political bonds among Europe, Japan, and the United States dissolve. Most worrying, the United States appears increasingly unwilling—or unable—to provide the strong political leadership that was the central pillar of the postwar liberal order. If these political foundations of world capitalism are not rebuilt, the world economy just might return to its unhappy past: escalating upheavals in financial markets, rising trade conflict, renewed economic nationalism, and ultimately the return of antagonistic regional blocs.

Gilpin's book reaches this dour conclusion through a careful review of the components of the world political economy—the trade, monetary, financial, and foreign investment regimes—along with the economic strategies of the United States, Europe, and Japan. The result is a grand illumination of modern capitalism. Gilpin convincingly shows how deeply rooted the current world economy is in the American-led Cold War order, making a strong case that the forces of globalization actually have not transcended states to escape the political control of their leaders. Rather than imparting a logic of discipline and reward that will tame authoritarian and nationalist passions, the chaotic forces of globalization create losers as well as winners—a potentially dangerous source of conflict. Gilpin brings a welcome sobriety to the often overheated debate over globalization. But he does not venture to say whether the current turmoil will lead to a political breakdown or create a new order that supports and governs world economic openness.

RISE AND FALL

Throughout his career, Gilpin has explored the underlying political, security, and institutional structures on which markets depend. *U.S. Power and the Multinational Corporation* (1975) argued that America's world dominance made possible the rapid postwar growth in multinational corporations, bolstered by a security framework with Europe and Asia that

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supported trade and direct foreign investment. In *War and Change in World Politics* (1981), Gilpin expanded this logic to the entire history of international relations. Transplanting the classic realist model of anarchic, interest-based world politics to economics, Gilpin portrayed a world economy that mirrored the ongoing historical dynamic of rise and decline. Markets do not spring to life automatically but rather occupy the space created by the world's dominant state and its partners. The subsequent flow of trade, investment, and technology gradually redistributes power and wealth; states rise and fall; and the conditions for the next violent transformation of order eventually emerge.

At the core of Gilpin's work is the proposition that markets are in their essence neither autonomous nor self-regulating. An open world economy—marked by free trade, currency convertibility, and capital mobility—can be secured only by the power and steady hand of a leading state. Without this discipline, the global order tends toward fragmentation. And this is what worries Gilpin most about today's capitalist system: the power and the steady hand of the United States are wavering.

Gilpin's most interesting claim is that the open world economy is fundamentally a creature of the Cold War. The Soviet threat, he argues, fostered cohesion among the capitalist democracies and provided the political glue that held the world economy together. Over time, an elaborate American-led political order emerged that was built on two pillars: the U.S. dollar and the American security umbrella. The American military guarantee to Europe and Asia provided a national-security rationale for Japan and the Western democracies to open their markets. Free trade helped cement the alliance, and in turn the alliance helped settle economic disputes. In Asia, the export-oriented development strategies of Japan and the smaller Asian tigers depended on America's willingness to accept their imports and live with huge trade deficits; alliances with Japan, South Korea, and other Southeast Asian countries made this politically tolerable.

The reserve and transaction-currency role of the dollar also solidified the open postwar system. The dollar's special status, Gilpin writes, gave the United States the rights of "seigniorage": it could print extra money to fight foreign wars, increase domestic spending, and go deeply into debt without fearing the pain that other states would experience. Other countries would have to adjust their currencies, which were linked to the dollar, when Washington pursued an inflationary course to meet its foreign and domestic policy agendas. Because of its dominance, the United States did not have to raise interest rates to defend its currency, taking pressure off its chronic trade imbalances. In the 1960s, French President Charles de Gaulle understood this hidden source of American hegemony all too well and complained bitterly. But most of America's Cold War allies were willing to hold dollars for fear that a currency collapse might lead the United States to withdraw its forces overseas and retreat into isolationism.

In this postwar bargain, extended military deterrence and the American dollar bound the allies together and created the institutional supports of the open world economy. Markets served a larger political purpose. Historic compromises between business and labor were politically possible—and led to the building of

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domestic social safety nets that buffered swings in world markets. In short, America's leadership in creating a stable and open world economy was an offshoot of its Cold War leadership. And because the U.S. economy dwarfed other industrial countries, it did not need to worry about controlling the distribution of gains from trade between itself and its allies.

Today, Gilpin laments, this postwar bargain is breaking down as the Cold War recedes into history. The United States is still the dominant power, but it no longer needs to lead a global alliance. Europeans and Asians have stopped worrying about the security implications of economic disputes. The loosening of Cold War bonds has been matched by the rising salience of regional economic groups in Europe, East Asia, and Latin America. The European Union (EU), the Asia-Pacific Economic Cooperation forum (APEC), and the North American Free Trade Agreement (NAFTA) are all evidence that global multilateralism has lost its primacy. Gilpin cites the Single European Act of 1986 as the start of competitive regionalism, as each region attempted to enhance its position in relation to the others. Driven by both market forces and government policies, regionalism has now become reinforced by differences among Asian, Anglo-American, and continental European capitalism, accompanied by regional corporate groupings and production networks. Japan's strategy in Asia, for example, has encouraged government and business to work together and foster regionalism by directing the flow of trade, aid, and foreign direct investment. If the global reserve and transaction role of the dollar cedes to regional dominance of the euro and the yen, Gilpin fears, the world economy will be pushed in the dangerous direction of competing regional blocs.

In the meantime, the expansion of trade and investment has put new demands on this increasingly shaky postwar framework. More and more economic activity takes place outside rule-based regimes and is becoming increasingly chaotic, thanks to the dramatic speed and volume of international capital movements. Economic globalization has far outpaced political globalization and desperately needs new rules and institutions, Gilpin concludes. But his view of how order is built and sustained—which requires a benign hegemonic leader for stability—makes the prospects for governance look quite uncertain.

YOUR FRIENDS AND NEIGHBORS

But is the open world economy really as unstable as Gilpin suggests? One of the biggest surprises since the end of the Cold War is how little relations among western Europe, Japan, and the United States have changed. Economic disputes have remained quite muted. It is difficult to argue that the conflicts between the United States and its European and Japanese trade partners over bananas, Fuji film, or other issues during the 1990s have been more frequent or intense than such spats were during the Cold War. Gilpin's review of Cold War–era trade and monetary relations—which covers such disputes as the Nixon administration's unexpected abandonment of the gold standard, its unilateral import duties, and the subsequent disputes over oil price controls—unintentionally shows that the Cold War allies did indeed wage economic battles among themselves.

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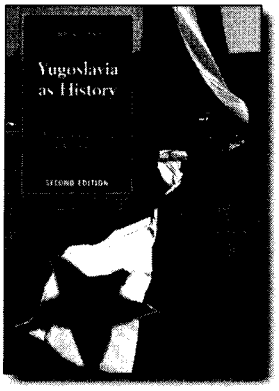

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Meanwhile, the postwar alliances and the American security umbrella are still firmly in place. Indeed, NATO has been enlarged and the American-Japanese security pact has been deepened by new agreements. Intergovernmental cooperation among the Group of Seven wealthy industrial nations (G-7) has expanded, letting the major democracies better tackle transnational issues such as organized crime, environmental quality, and weapons proliferation. Gilpin is correct to argue that a strategic rupture in G-7 relations would doom the open world economy. But he fails to persuade the reader that the Cold War's end was a world-historical event that triggered new geopolitical rivalries.

Gilpin's fears over the rise of regionalism also seem misplaced. Economic regionalism today looks a lot less ominous than it did at the beginning of the 1990s. Debate about a possible "Fortress Europe" has disappeared. The primary purpose of European integration—as Gilpin himself notes—has been the reconciliation of France and Germany, and it will be decades before the true significance of a more united Europe becomes clear. Japan's regional ambitions in Asia have also been tamer than many people expected. Japan has remained ambivalent about placing itself at the center of an East Asian economic order, while its strategic-investment approach to fostering regionalism has yielded only modest results. In fact, the irony is that the trade-oriented model that Japan has exported to Asia's tigers depends on American willingness to accept imports. This increases American leverage in the region and makes it all the more difficult to conceive of economic regionalism in Asia without the United States.

The rise of global trade and foreign investment also works against the image of rival regions. Again, Gilpin inadvertently weakens his own argument by noting the internationalization of services and manufacturing. The resulting spread of global production linkages is creating a more profound form of interdependence than was ever created by trade or portfolio investment. Complementing this trend is a dramatic increase in corporate alliances; by one count, more than 20,000 such partnerships formed in the last several years alone. It is easier than it was a decade ago to think that economic regions could actually rise up and dominate world politics. Indeed, at times Gilpin does not seem fully convinced of his own thesis that adversarial regional blocs are ascending, in particular when he describes the relationship between regionalism and the globalization of economic linkages as "dialectical" rather than truly adversarial. But he does not say where this dialectical process will end.

UNCLE SAM NEEDS WHO?

The decline of American leadership in the world economy disturbs Gilpin most. The United States played the leading role in constructing an open postwar order, and he fears it is poised to do the most damage today. During the Reagan administration, America turned away from its strong postwar commitment to multilateral economic openness toward a strategic mix of multilateral, unilateral, and regional policies. This movement toward a "multitrack" orientation continued during the Bush and Clinton terms. A symbol of the new American pursuit of narrow self-interest was the famous "Super 301" clause in a 1988 trade bill, which

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gave the president the authority to retaliate against what Washington deemed to be unfair trading behavior. As Gilpin sees it, this move toward unilateral and results-oriented trade policy, combined with the championing of NAFTA and other regional trade measures, signaled that America was abandoning its commitment to multilateral cooperation with its Cold War allies. To make matters worse, American domestic politics began to intrude into trade policy and undermine the Cold War imperative to act for the greater good.

Gilpin is right to identify the unilateralist impulse in American post–Cold War foreign economic policy. But he fails to understand that this tendency has been countered by regional policy approaches that can serve the long-term goal of global economic openness. NAFTA was championed by the United States in part as a way of locking in Mexico's democratization and liberalization. APEC is a regional grouping, but it enshrines multilateral market openness. The World Trade Organization is a dramatic step by the world community to place economic relations and conflict resolution in a legal framework. All of these institutional innovations create rules and practices that actually limit the extent to which the United States can disregard the wider system.

The end of the Cold War does deny the U.S. president a compelling rationale for international leadership and cooperation. But the Cold War strategic partnerships with Europe and Asia still exist and continue to provide a political foundation as the major powers struggle over globalization's dilemmas. Gilpin's catalog of the growing conflicts, strains, and dysfunctions that plague the world economy overlooks the fact that that economy is situated within the most institutionalized international order ever created. Moreover, it exists in the first era in which the leading great powers—especially the Cold War allies—are profoundly at peace with one another.

Gilpin's book remains valuable nevertheless. Better than any other recent book, it shows that globalization rests squarely on an aging security order binding the great powers together. If these alliances erode and are replaced with more ambiguous—and even rival—strategic relations, all bets are off. One of Gilpin's most telling observations is that leadership in support of an open world economy must be based on more than military and economic power—a "larger political purpose than simply one nation's narrowly defined interest." Absent the Soviet threat, what is this new political purpose? For many people, globalization has become a remote process that offers more insecurities than rewards. As political leaders across the industrial world are discovering, support for globalization will be difficult to sustain if the world economy is seen as a system that privileges the owners of capital at the expense of workers, communities, and the environment.

The question that Gilpin's book brilliantly poses is whether globalization's upheaval will result in a more inclusive and responsive set of international rules and institutions or whether it signals a more dangerous breakdown. Gilpin understands better than most that globalization rests on a political foundation. But he fails to see that that foundation is more than a Cold War legacy. The second era of globalization was the postwar generation's attempt to solve the problems of the 1930s—the economic spheres of

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influence, competitive currency relations, militarized blocs, and protectionist agendas that so violently shook the world. The institutions that took hold after World War II continue to provide governance now, and the economic interests and political consensus that lie behind them are more, not less, supportive of an open world economy today than during the Cold War. The current struggles are not about pushing the world toward closure or breakdown but about creating a global system that is more sprawling, pluralistic, and acrimonious—yet nonetheless unified.

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Review Essay

Sorting Out the Balkans

Three New Looks at a Troubled Region

Ivo Banac

The Balkans: Nationalism, War, and the Great Powers, 1804–1999. BY MISHA GLENNY. New York: Viking Penguin, 2000, 726 pp. $34.95.

Kosovo: War and Revenge. BY TIM JUDAH. New Haven: Yale University Press, 2000, 336 pp. $40.00.

Virtual War: Kosovo and Beyond. BY MICHAEL IGNATIEFF. New York: Henry Holt, 2000, 249 pp. $23.00.

Western policy toward eastern Europe and the former Soviet Union has been a vast improvisation since communism's collapse. Nowhere has this been more evident than in the Balkans. In the 1995 Dayton Accord, the West ratified the division of Bosnia and Herzegovina by failing to commit resources to Dayton's most important civilian mandate, the return of refugees. The very negotiations at Dayton depended on the promotion, enhancement, and legitimization of the Serb leader Slobodan Milošević, the primary engineer of the Bosnian war. The results were a divided Bosnia and inevitable turmoil in Kosovo. In spring 1999, NATO fought a war in Kosovo without any plan to budge Milošević from power, thereby ensuring that his grip over Serbia became stronger than ever. Meanwhile, the West continues to hold Montenegro and Kosovo back from independence, even though both will likely be future battlegrounds.

Given the West's inability—or unwillingness—to grasp the realities of the current Balkan scene, fresh accounts on Balkan history, including reevaluations of the most recent Kosovo developments, should be welcomed. Now three writers have tackled the subject in different ways,

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with mixed results. Misha Glenny provides an account of the last two centuries of Balkan history but in a highly contemporary key, Tim Judah continues his study of Serbian politics with a judicious account of the Kosovo issue, and Michael Ignatieff offers his own version of what the NATO action in Kosovo meant in the annals of modern warfare.

ENTER GLENNY

Glenny's work is lowbrow history on a grand scale. A master scriptwriter, Glenny has produced a book that could easily be broken into a series of Hollywood romances. As befits the genre, the narrative has little original interpretation. Instead, in a show of directorial fancy, he carefully blocks out the entrances and exits of the notable names of Balkan history: Karadjordje Petrović, the leader of the first Serbian uprising against the Turks in 1804; the great nineteenth-century statebuilders (Nikola Pašić, Stefan Stambolov, and Eleuthérios Venizélos—but, curiously, not Ion Brătianu); the royal dictators of the interwar period (King Zog, Aleksandar Karadjordjević, Boris III, and Carol II); and finally the communist dictators (Enver Hoxha, Tito, and Nicolae Ceauşescu).

Glenny's views are not as Serbocentric as some critics have charged. Were he Serbocentric in earnest, he would have given some prominence to such anti-hegemonist Serbs as Svetozar Marković and Dimitrije Tucović, or perhaps to such uncompromising anti-Milošević figures as Latinka Perović, the leader of Serbia's liberal Communists who was purged in 1972, or Bogdan Bogdanović, the former mayor of Belgrade. He would have said something about the Serbian Orthodox church, including its seminal figures of the twentieth century: Nikolaj Velimirović and Justin Popović. But that would have meant a focus on ideas—and one cannot make a movie out of ideas.

It would be exhausting to cite everything missing in Glenny. Definitions are missing, including the most crucial one: What are the Balkans—an area of the Ottoman Empire's legacy? If so, what is the legacy? Ideologies and social thought are missing. The first noun in the subtitle—"nationalism"—is never defined or analyzed; it is merely assumed. The same can be said of liberalism, socialism, communism, and fascism. This history of the modern Balkans does not even discuss the nature of partisan conflict, other than in terms of foreign patronage. Glenny deems Yugoslavia's King Aleksandar important, but he never mentions his political decisions, like the creation of the *banovinas* in 1929 that redrew the borders of the country's historical provinces. Religion, politics, society, and culture are missing. Whole nations (Slovenia) and movements (Nationalist Youth, Orthodoxism) are missing. Glenny has produced a history of the nineteenth- and twentieth-century Balkans with no reference to Petar II Petrović-Njegoš, Montenegro's great poet and prince-bishop. Indeed, there are hardly any references to Montenegro itself.

Despite a few references in the bibliography, Glenny also fails to refer to some of the most notable contemporary scholars of the Balkan countries, including those writing in Western languages. He discusses Macedonia—one of his favorite subjects—without referring to the works of such specialists as Fikret Adanir, John D. Bell, Anastasia Karakasidou, Andrew

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Rossos, or Stefan Troebst. This cannot be a result of ignorance; Glenny uses many more obscure texts by lesser-known authors. Rather, it is a result of choice. Glenny's favorite sources are travelers, soldiers, diplomats, and journalists like himself—colorful and quotable types.

But this approach is no excuse for sloppiness. Take the case of the revolution of 1848 in Croatia. Here Glenny draws on the wonderfully literary synthesis by the writer Josip Horvath, written before World War II. There is nothing wrong with that, even though Glenny seems to be aware of the far more authoritative postwar works by the Croat historian Jaroslav Šidak. But Glenny's use of Horvath is quite creative. He first quotes Horvath's own citation from the diary of Baron Josip Neustädter, a Croatian general and a friend of Josip Jelačić, the loyalist Hapsburg viceroy of Croatia. He follows by throwing a Horvath sentence into the supposed Neustädter quote. The next sentence is Glenny's paraphrase of the following Horvath sentence. And then he quotes Jelačić from Horvath—without attribution.

Indeed, the entire text is marred by geographical errors, misspellings, and biographical inaccuracies. Ivan Pernar, a Croat Peasant Party deputy whom this reviewer met in 1960, is recorded as having been assassinated in 1928; the central Turkish city of Kayseri becomes a district of Istanbul; the son of the Comintern leader Georgi Dimitrov is noted as having been killed in World War II when in fact he died of diphtheria in 1943. The examples run on.

What remain in the book are mostly descriptions of wars, massacres, and great-power meddling. Glenny claims that "consistently and conspicuously absent from Western reflections on the Balkans since the latter half of the nineteenth century has been any consideration of the impact of the West itself on the region." He evidently aims to correct this mistake, as he sees it. But little in this enormous book, except for occasional homilies, suggests an original account of the relationship between the great powers and the Balkans. Glenny's recounting of the great powers' maneuvering before World War I, for example, adds nothing fresh to the literature. Nor is it news that Soviet diplomats—like Grigory Popov, Stalin's military mission chief in Athens—could be as cold-blooded as any other imperialist.

Glenny's central argument is that the Balkans have constantly suffered from great-power interference. He cites the 1878 Congress of Berlin, World War I and its aftermath, and World War II as particularly egregious examples of how Western intervention can backfire. Exactly how these events went wrong is not spelled out—except in the last instance, in reference to the Nazi-sponsored genocide throughout the Balkans. Was the 1878 Congress of Berlin wrong because it upset the rise of Greater Bulgaria? Was it wrong that Serbia and Romania expanded after 1918? If so, what was the alternative? Was the 1912 establishment of Albania a mistake? Should one assume that the imperialisms of the Balkan states are innately wiser than those of western Europe? Glenny has in fact broadened his criticism of Western intervention in the Balkans of the 1990s to make a case against *all* outside interference in the last two centuries. But his historical research is too limited to back up his sweeping claim.

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Although reputedly a Yugoslav specialist, Glenny is weakest on the history of Yugoslavia. His account becomes less substantial as it discusses the 1960s, but it is the least adequate on the post-Tito 1980s and the rise of Milošević. This enormously important and complicated period is reduced to a handful of events: the Priština demonstrations of 1981 (although the larger issue of Kosovo's status is ignored); a paragraph on the economic difficulties of the mid-1980s; two promising but bland paragraphs on the Serbian Academy's Memorandum, which presaged the rise of new Serb nationalism; and finally, war's outbreak in 1991. In fact, Glenny offers no analysis of how the Titoist system contributed to the making and the unmaking of Yugoslavia. Likewise, he reduces the series of wars after 1991 to their Bosnian part, notably to the movement around the Milošević-Tudjman vortex and the reactive (and inadequate) actions of the great powers. Bosnia was indeed the most important aspect of these wars, but Glenny overlooks the fact that the wars were driven by the ideological determination to build ethnically homogenous states and create a firm border between Serbia and Croatia. To accomplish this, Bosnia had to be destroyed.

Glenny is right to challenge NATO's claims to morality in the most recent Kosovo intervention—and to argue that NATO's moral victory will ultimately depend on postintervention reconstruction and recovery. But he never addresses the more important issue: whether the West can be expected to protect the Balkans' unique traditions of religious pluralism if the West itself has lost its premodern, religious moorings. Nor does he ask whether this is a Western problem at all.

KOSOVO OR DEMOCRACY?

Tim Judah's graceful book is less ambitious but more analytical and better researched than Glenny's. He concentrates on Kosovo from 1912, when it was incorporated into Serbia, to the present: the Milošević era, Ibrahim Rugova's "phantom state" of the 1990s (and corresponding developments in the other ex-Yugoslav lands), the rise of the Kosovo Liberation Army (KLA), and the new wave of Milošević terror ending with NATO's intervention last year. Everything worth knowing about contemporary Kosovo is included in this evenhanded book. Judah even discusses the emerging monopolistic policies of the KLA chieftain Hashim Thaçi—a trend that began with anti-Serb revanchism and will probably end with the repression of liberal Kosovar Albanians, perhaps under the noses of NATO peacekeeping troops.

Judah also clearly defines the meaning of Kosovo for the Serbs. Because compromise with the Kosovar Albanians was never an option before the war and force emerged as the only solution, Serbia had to choose between "Kosovo or democracy." The failure to find a solution to this dilemma, especially after the NATO bombing campaign, means that Serbia now has neither. The equivalent failure of Kosovar Albanians could mean that they will have Kosovo but no democracy—or security.

Michael Ignatieff has written a book on the Kosovo war that is as engaging as Judah's but not as discerning. Ignatieff was there, and his reporting is as vivid and moving as his portraits of the leading figures—U.S. envoy Richard Holbrooke, Judge Louise Arbour of the International

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Criminal Tribunal for the Former Yugoslavia, and others. The victims are not forgotten, and neither are the voices with opposing views, like the Serb writer Aleksa Djilas. Ignatieff favored the NATO intervention, but he uses his book to reexamine its merits.

Ignatieff investigates the Kosovo war using the concept of "virtuality"—the generated appearance of reality when something is invented and appears in three dimensions but does not really exist. In this case, Ignatieff is interested in the opposite process: making something real appear less so. A virtual war is fought so that as few people as possible actually notice its reality. Such a war presupposes several things: that new kinds of weapons are used, that casualties on "our" side must be avoided, and that the cause must be presented as just—without having to mobilize or even interest the whole nation. In this "postmodern war," communications are not cut off. A New Yorker can easily keep in touch with friends in Belgrade, the population in the targeted country indulges in elaborate spectacles for CNN, and so on. The eponymous chapter of the book is couched in the language of political and military decisions, ignoring the contributions to the virtuality debate previously introduced by the Paris-based theorists Jean Baudillard and Paul Virilio. Ignatieff also ignores the real issue—what this type of armed intervention actually achieved. Milošević, like Saddam Hussein, remains in power and perhaps has not yet played his last Kosovo card.

All three authors are British-based journalists. Some are better, some are worse, but none is really involved. In his first chapter, Judah notes that "these parts of the Balkans were well covered by journalists and travelers from Britain" a century ago. Today all three seem to carry on this same spectator sport in which the natives are observed and analyzed. But at the beginning of a new century, this wounded region requires more than detached analysis.

What most observers ignore is that the reconstruction of Bosnia holds the key for overall regional recovery. While Kosovo gets attention in the headlines, the press overlooks the nuts and bolts of economic development in Bosnia and the daily battles against the ruling ethnic cleansers who continue to frustrate refugee return and the most elementary legal reforms. Last year's Stability Pact has been nothing but a photo opportunity, without any teeth or credibility, despite its promises of security and economic aid.

On an even larger scale, the whole area desperately needs a new vision after Western intervention. Such a vision would require the independence of all the former federal units of Yugoslavia—but it would also require cohesion within a larger regional scheme that includes a customs union, a multilateral security system, and freedom of travel and information. This is impossible as long as Milošević is in power. His regime caps two centuries of ethnic forest fires that have destroyed the Balkans' complex multiethnicity. Indeed, this task is impossible as long as the general Balkan national-revolutionary model, which seeks to establish nationally homogeneous states, remains credible. That model started with the Serbian uprisings of the early nineteenth century and has now nearly run its bloody course, destabilizing and undoing the complex structures of old Bosnia, old

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Croatia, and old Kosovo. Western leaders and many Balkan experts have no sense of loss over this. In that sense, they are truly "modern." Hence the emptiness of debates against "essentializing" the Balkans and the spurious arguments of those who argue that the region's woes stem from "ancient ethnic hatreds." Still, the dearth of hope—which is evident in all these books—is the greatest loss.

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Recent Books on International Relations

Eastern Europe and Former Soviet Republics

ROBERT LEGVOLD

Yeltsin: A Revolutionary Life. BY LEON ARON. New York: St. Martin's, 2000, 934 pp. $35.00.

Aron offers a grand, meticulously detailed pilgrimage through the political biography of one of today's few larger-than-life figures. The back matter totals nearly 250 pages, testimony to the scope and quantity of the material used, particularly from Russian sources. Nearly half of the book focuses on Yeltsin's life and career before history thrust him into the forefront, a particularly essential perspective from which to judge his tenure as Russia's first president. Aron does not soft-pedal Yeltsin's defects, but he does elevate him beyond being merely a sympathetic, albeit flawed, leader. Yeltsin emerges as a hero in Hegel's sense: the embodiment and maker of history. Guessing at what future historians' one-sentence judgment will be, Aron writes, "He made irreversible the collapse of Soviet totalitarian communism, dissolved the Russian empire, ended state ownership of the economy—and held together and rebuilt his country while it coped with new reality and losses."

Undermining the Kremlin: America's Strategy to Subvert the Soviet Bloc, 1947–1956. BY GREGORY MITROVICH. Ithaca: Cornell University Press, 2000, 235 pp. $32.50.

Operation Rollback: America's Secret War Behind the Iron Curtain. BY PETER GROSE. New York: Houghton Mifflin, 2000, 243 pp. $25.00.

Along come two books that expose the political war against the Soviet Union in the early years of the Cold War. Truman's version of containment, it turns out, was not nearly so reactive or high-minded as conventional wisdom had it. Nor was George Kennan, its author, nearly so placid as his critics assumed. Pushed by Kennan, the Truman administration launched in 1947 an aggressive campaign intended not simply to contain but to undo Soviet power in Eastern Europe and the Soviet Union itself. The effort ranged from psychological warfare waged by Radio Free Europe and Radio Liberty and a variety of cultural and intellectual front organizations to subversion by agents parachuted behind enemy lines. Of the two books, Mitrovich's is the more ambitious. Through massive research in the archives of the State Department, the CIA, and

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the National Security Council, he not only pieces together the story of this broad-gauged offensive but adds considerably to the larger picture of the calculations and arguments inside the Truman and Eisenhower administrations. One does not have to buy his overdrawn characterization that "rollback" was the be-all of U.S. policy to appreciate the contribution he has made.

Grose carves out a narrower but livelier account. He deals only with the Truman years and largely confines himself to the clandestine activity itself, including the bold but hopelessly misconceived campaign to drop small numbers of anticommunist nationals into Albania, Ukraine, Romania, Czechoslovakia, and the Baltic states with the hope of rallying the locals to insurrection. As Grose reports, Kennan would come to see the "political warfare initiative" as "the greatest mistake I ever made."

The Private Life of Kim Philby: The Moscow Years. BY RUFINA PHILBY. New York: Fromm International, 2000, 449 pp. $32.00.

When "Operation Rollback" stumbled, a key reason was that many details had been passed to the Soviet authorities by Kim Philby, the liaison between British and American intelligence. That was only a modest part of his accomplishments before he fled to Moscow in 1963. What happened in the 25 years after is the untold portion of his story. Rufina Philby is his Russian widow, his fourth wife, and the object of his strange, excessive doting and odd domesticity. She gives a simple account of their cloistered, privileged, but torpid existence. From her telling, one gets a better sense of a man often frustrated by life in the Soviet Union. Nevertheless, he was as intimidated by the power of the state as most of his fellow citizens but never repentant over the choice he made—his favorite song was Sinatra's "My Way." One also gets a good sense of what his existence was like under the perpetually watchful eye of the KGB. Two previously unpublished chapters of autobiographical reminiscences by Kim Philby and a very useful distillation of publications on Philby by Hayden Peake round out the volume.

After the Deluge: Regional Crises and Political Consolidation in Russia. BY DANIEL S. TREISMAN. Ann Arbor: University of Michigan Press, 2000, 280 pp. $57.50.

How, the author asks, did Russia manage to withstand the stresses of the early 1990s that many thought would lead to disintegration? It was not because Russia's ethnic or cultural homogeneity guaranteed ultimate loyalty to the nation, nor because political institutions were too sturdy to be shaken by local separatism, nor because the economic gains to be had from unity self-evidently overrode those of independence. Whatever role these factors played, they would not have been enough without the particular fiscal strategy followed by Yeltsin's government: taking from Peter (the unrebellious regions), the center transferred resources to Paul (the separatist regions). When local leaders put these funds to work, they undercut their own ability to mobilize the public against Moscow. Thus the center prevented a few defections from igniting many and thereby destroying the nation-state, as happened to the Soviet Union. A valuable insight derived from a very tidy argument—although perhaps a little too tidy.

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Rebellious Civil Society: Popular Protest and Democratic Consolidation in Poland, 1989–1993. BY GRZEGORZ EKIERT AND JAN KUBIK. Ann Arbor: University of Michigan Press, 2000, 296 pp. $54.50.

Little of the growing literature on democratization in the former socialist countries has focused on the pressures and effects generated from below. Ekiert and Kubik take a large stride toward fixing that. If public protest once helped bring down communist regimes in countries such as Poland, the authors ask, what role do strikes, demonstrations, and other forms of noninstitutionalized opposition now play in consolidating democracy? Their answers rest on a fat and seemingly complete database of protest activity from 1989 to 1993 in Poland, Hungary, Slovakia, and East Germany, coupled with a thoughtful distillation and reformulation of the best existing analytical frameworks. They show that although protest in Poland has not usually been effective in transforming policy, it has helped offset institutional weaknesses in other domains, including political parties and the state itself. A rewarding and important book that promises still more when the follow-up comparative studies are completed.

Political and Legal

G. JOHN IKENBERRY

Democracy.com: Governance in a Networked World. EDITED BY ELAINE CIULLA KAMARCK AND JOSEPH S. NYE, JR. Hollis, N.H.: Hollis Publishing, 1999, 224 pp. $17.95 (paper).

This lively collection of essays explores the impact of the information revolution on government. Even though the authors believe it is still too early to draw conclusions, they do offer hypotheses that can help guide the coming debate. In a lucid introduction, Nye forecasts a diffusion of authority away from central governments to international and local authorities, corporations, and civil society. The authors then discuss how democratic government will change across various dimensions of political life—the community, political representation, voting, and bureaucracy. The resulting picture is surprisingly mixed. Opportunities for direct citizen participation may increase, but the result could be a "thin" democracy that loses its capacity for deliberation. And although the Internet revolution makes new types of on-line community possible, it may erode older, off-line communities. One author argues the Internet might even reinforce existing biases in political participation rather than mobilize new groups. In sum, a useful introduction to the increasingly heated debate over the information age's political impact.

On the Edge of the New Century. BY ERIC J. HOBSBAWM. New York: New Press, 2000, 176 pp. $21.00.

A collection of world-weary reflections by an eminent historian at the century's end. Useful as a companion to Hobsbawm's *The Age of Extremes,* these essays emerged out of an extended interview that speculated gloomily on the future of war, globalization, left-wing politics, American leadership, and economic inequality. Hobsbawm argues that the collapse of the Cold War order loosened the restraints on American power and the discipline of the nation-state system. Although war among the major states therefore seems less likely, more and more

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civil wars spill over into the international arena. He also makes the interesting point that globalization is not the same as cosmopolitanism; rising interdependence has not yet fostered the political institutions or sensibilities necessary to hold the expanding global market together. Globalization is irreversible but unpredictable—and sometimes quite unpleasant. Deeply disturbed by rising global economic inequality, Hobsbawm sees income disparities and the gathering backlash against unregulated markets cutting short today's liberal capitalist triumphalism. Unfortunately, his book would be better served by a discussion of how countries have historically coped with the disruptive free play of markets.

Revolution and World Politics: The Rise and Fall of the Sixth Great Power. BY FRED HALLIDAY. Durham: Duke University Press, 1999, 416 pp. $59.95 (paper, $19.95).

With the collapse of communism, Marxist theories largely dropped out of the contemporary debate over international relations. In this important book, Halliday tries to reestablish the centrality of social revolution—what Marx called the "sixth great power" of Europe—in shaping the modern international order. He first takes aim at the notion that revolution merely disrupts world politics rather than alters it. Yet the French, Russian, Chinese, and developing-world revolutions all produced social upheavals with global reach. In fact, state ideology and power are fundamentally connected to underlying social struggles that periodically explode in revolution. The Cold War was as much about the clash between the Bolshevik Revolution and the West as it was about the balance of power. The author does not dismiss the importance of states but sees them as entities challenged—even captured—by social and political forces. By reclaiming Marxism's focus on the interconnected character of social conflict, Halliday has resurrected a theme that has, ironically, become more relevant since communism's demise.

Twentieth Century: The History of the World, 1901 to 2000. BY J. M. ROBERTS. New York: Viking, 1999, 906 pp. $39.95.

In this engaging portrait of the twentieth century, Roberts underscores the unique character of the last 100 years—especially the speed and depth of its political, technological, and social change—to unify his sprawling narrative. The center of gravity of the volume is decidedly European, but Roberts defends this bias by arguing that Europe, more than anything else, has shaped today's world and its revolution in human expectations. The paradox is that the modern world increasingly embraced European ideas and institutions while the two world wars radically diminished Europe's confidence in its own civilization. Inevitably, much of the narrative is familiar, but Roberts does offer interesting insights on the transformation of political authority and the changing identities of nations and regions. He is most eloquent in contrasting the utterly dissimilar character of everyday life at the start and the end of the century. Perhaps the book's most useful contribution is not its themes or ordering of events but its evocation of a century that began with such little awareness of what the new era would bring.

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Culture Matters: How Values Shape Human Progress. EDITED BY LAWRENCE E. HARRISON AND SAMUEL P. HUNTINGTON. New York: Basic Books, 2000, 304 pp. $35.00.

The Asian and Russian financial crises have helped fuel a growing debate over the impact of culture on economic performance. In this useful guide to the controversy, many authors hark back to Max Weber's essay on the Protestant work ethic and the origins of capitalism in Europe, which showed how Calvinism unintentionally stimulated productive economic activity. Building on this view, David Landes argues that culture does make a difference—but in ways more complex than is usually acknowledged. Jeffrey Sachs is more skeptical, contending that modern economic growth is directly tied to capitalist institutions and conducive geography but only remotely linked to religious beliefs. Meanwhile, Dwight Perkins examines the impact of culture in business transactions: whereas the West relies on the rule of law backed up by a judiciary, Asia has tended to rely on personal, often family-based, relationships. For Perkins, any institutional practice can work if economic development takes off—but rule-based systems will increasingly prove superior. In the wrong hands, cultural arguments can be ideological weapons. But in exposing the tangle of causality and processes that link culture and economics, these essays put the debate on a constructive path.

From Voting to Violence: Democratization and Nationalist Conflict. BY JACK L. SNYDER. New York: W. W. Norton, 2000, 320 pp. $29.95.

The promotion of democracy around the world lies at the heart of American post–Cold War foreign policy. As the Clinton administration sees it, democratic institutions bring stable domestic politics and peaceful foreign relations. This important and elegantly argued book shows that, in fact, the opposite is often true: the democratic transition can cause nationalist conflict and aggression. Snyder does not dispute the claim that established democracies are unusually peaceful among themselves, but he finds the initial phases of democratization more problematic. Threatened by change, traditional elites often thwart the move toward popular rule by fanning the flames of ethnic and nationalist conflict. In contrast, countries with strong political institutions and civic culture can better weather such treacherous moments. Marshaling an impressive body of empirical evidence, both historical and contemporary, Snyder tests his hypotheses by first looking at turning points in British, French, and German history. The following survey of the transition in the post-communist and developing worlds also shows similar connections, concluding that recent nationalist and ethnic violence stems not from resurgent ancient hatreds but from elites struggling to maintain authority. A timely reminder that democracy can produce violence as well as peace.

Economic, Social, and Environmental

RICHARD N. COOPER

The Great Divergence: China, Europe, and the Making of the Modern World Economy. BY KENNETH POMERANZ. Princeton: Princeton University Press, 2000, 371 pp. $39.95.

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Historians have always puzzled over Britain's ascent in the Industrial Revolution, often offering conflicting theories to explain its rise. Pomeranz takes a neo-Malthusian, ecological approach that focuses on access to food and raw materials. He observes that the core areas of China, Japan, and India shared similar levels of technological and institutional development with Europe by 1750. Like Europe, they had already cleared much land to feed their growing populations and faced increasing difficulty in importing food, fuel, and fibers; over time, they shifted to more labor-intensive agriculture. In contrast, Europe had more institutional slack, easier access to coal (which was crucial, in the author's view), and cheap imports of sugar and cotton harvested by slaves in its New World colonies. Europe's technological boom actually came later. Pomeranz relies heavily on plausible guesstimates, based on extensive but fragmentary evidence, to make quantitative arguments and venture occasionally into counterfactual analysis. It is a pity that he does not even mention the quite different explanations offered in David Landes' recent *Wealth and Poverty of Nations.*

Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships. BY MANCUR OLSON. New York: Basic Books, 2000, 233 pp. $28.00.

The late Olson was known for dissecting complex social phenomena with simple answers and bringing his economic training to bear on numerous political issues. Here he asks why countries differ so greatly in their productivity. Casting aside explanations that highlight a country's natural resources or free markets, he looks at transactions over time (like loans) and the necessary social machinery for making and enforcing contracts—a quintessential role of government. Harking back to his earlier works on the evolution of government, Olson argues that even autocratic rulers have an interest in treating their subjects better, simply because prosperous and content citizens will pay more in taxes. Democracies are more conducive to growth than other forms of government because they are more likely to accord and protect the rights of individuals, including time-dependent property rights. Olson concludes that democracy is not an inefficient luxury that only rich countries can afford (as many analysts have suggested) but a system that promotes growth in the long run by respecting individual rights. His two chapters on the postcommunist transition to capitalism are especially worth attention.

Rolling Back the Market: Economic Dogma and Political Choice. BY PETER SELF. New York: St. Martin's, 2000, 265 pp. $59.95 (paper, $22.95).

Written by a late professor of public administration at the London School of Economics, this book reacts against the headlong pursuit of economic growth and all its implications: an unfettered market economy, private ownership of large enterprises, and the uncritical attack on government at all levels. What Self sees as "market dogmas" and the "corruption of liberalism" have evolved into an egotistical individualism. He draws unfavorable examples from Australia, Britain, New Zealand, and the United States while selectively highlighting favorable experiences from Germany, the Netherlands, Japan, and Sweden—but not France. This omission is noteworthy since the

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French government rhetorically embraces many of Self's correctives, such as greater social solidarity, attention to the well-being of the poor, protection of small farmers, and public support of national culture. Partly an attack on the "myths" promulgated by the capitalist-dominated press and partly a lament at the increasing fragmentation of modern society, the book concludes with recommendations for achieving more democratic control of national policies, greater civic participation in communities, and more even distribution of wealth.

Incentives and Institutions: The Transition to a Market Economy in Russia. BY SERGUEY BRAGUINSKY AND GRIGORY YAVLINSKY. Princeton: Princeton University Press, 2000, 274 pp. $39.50.

This remarkable book by a former Russian presidential candidate and his Japan-based colleague combines formal economic analysis, historical interpretation, and shrewd observation to explain what went wrong in Russia. The Soviet collapse is often portrayed as a great historical discontinuity. In fact, the authors argue, the economy still remains deeply connected to its past. Central economic planning had long since disappeared in practice by 1990 to become a mere overlay atop a thriving "market" of lobbying, negotiation, and malfeasance. A successful market transition would have required a strong state to create the right incentives and enforce the rules. But when the state disappeared with the Soviet Union, enterprise managers continued to operate with the same institutional structures while the lack of central discipline led to accelerated corruption and asset-stripping. The authors insist that reformers must now focus on the incentives that decision-makers actually have, not on some abstract model of a well-functioning economy. Managers look after their own interests, but if incentives are not structured to make their interests congruent with economic progress, reform and growth will stall. The current oligarchic capitalism is not simply a regrettable station on the inevitable path to capitalism; it could persist indefinitely without redirection. The authors conclude that Russia must enhance its fledgling democracy as a necessary, if not sufficient, condition for creating a market economy.

Butterfly Economics: A New General Theory of Social and Economic Behavior. BY PAUL ORMEROD. New York: Pantheon, 2000, 240 pp. $24.00.

This short book offers some healthy skepticism about modern economic analysis—especially about its ability to forecast accurately the results of policy—while touching on subjects ranging from crime to macroeconomic management to evolution. Traditional economic thought draws heavily on classical physics, with its emphasis on the notion of equilibrium. But Ormerod, an editor at *The Economist*, challenges this framework and its universal assumption that economic agents act independently of one another, each according to his or her own preference and circumstance. He insists instead that individual decisions in a social community are influenced by information provided by the behavior of others. Hence economics should draw more heavily from biology and knowledge of other social creatures such as ants. The resulting model would technically be deterministic, but it would be so complex and sensitive to starting

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conditions that, in practice, predictions would be impossible. Given this view of the world, the author argues, governments should avoid detailed social or economic management and focus instead on the medium- to long-run fundamental orientation of societies.

Military, Scientific, and Technological

ELIOT A. COHEN

The Postmodern Military: Armed Forces After the Cold War. EDITED BY CHARLES C. MOSKOS, JOHN ALLEN WILLIAMS, AND DAVID R. SEGAL. New York: Oxford University Press, 1999, 304 pp. $45.00 (paper, $29.95).

The lead editor of this work, Moskos, is commonly acknowledged to have inherited the mantle of the late Morris Janowitz as America's foremost military sociologist. The centerpiece of this important book is his essay on the postmodern military, which he defines as small, professional armed forces that are preoccupied with post–Cold War subnational conflicts and representative of society as a whole—even though they are largely ignored by civilians. Taking the United States as the paradigm, Moskos vigorously and convincingly makes the case that a new model military has emerged that is quite different from the mass army of the world wars and the Cold War. His fellow authors use his model rather too rigidly in some cases, but they offer interesting conclusions all the same. Regrettably, they also ignore some large militaries in their comparative studies (discussing the Dutch, the Danes, and the Canadians but not the Chinese, the Russians, or the Indians), and the quality of analysis is uneven. Nonetheless, Moskos and his distinguished colleagues have assembled a first-rate collection by sociologists that gets to a large part of the truth of the matter.

This War Really Matters: Inside the Fight for Defense Dollars. BY GEORGE C. WILSON. Washington: CQ Press, 2000, 239 pp. $19.95 (paper).

Here's a book for the defense-policy junkies. Wilson uncovers the no-kidding, inside dirt on the Quadrennial Defense Review (QDR)—a massive, utterly typical Pentagon bureaucratic drill that consumes the labors of countless diligent officers and bureaucrats. The field marshal of these maneuvers, then–Deputy Secretary of Defense John Hamre, may be unknown outside the Beltway, but the author describes him as a worthy man who is a bureaucrat's mix of John Wayne and Jimmy Stewart. The book also offers much interesting detail about the Pentagon's budget battles. But the title's contention is dubious. The QDR was only one in a series of bottom-up reviews, national defense panels, and national security study groups—none of which has changed the essential physiognomy of a defense establishment that remains a shrunken version of Reagan's military.

The Philippine War, 1899–1902. BY BRIAN MCALLISTER LINN. Lawrence: University Press of Kansas, 2000, 427 pp. $39.95.

Narrative military history today is an art as despised as it is infrequently practiced. But in the hands of a first-rate scholar, it is something very fine indeed. It may

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take a full century to gain critical distance from a war as controversial as the Philippine campaign, but Linn has produced a solid account of America's first modern counterinsurgency effort. He concludes that the war's lopsided outcome reflected not a triumph of racist brutality (as many scholars see it) but a combination of the insurgents' arrogance and incompetence—and a remarkable level of military sophistication and effectiveness in the American forces. He does not skimp on the horrors of war, nor does he dismiss the patriotism of Emilio Aguinaldo and the other Filipinos who fought the Americans. At the same time, he does not pander to a reflexive anticolonialist orthodoxy. A thoughtful, deeply researched, and well-written work about a war that teaches much about the nature of revolutionary warfare—even today.

Terror in the Mind of God: The Global Rise of Religious Violence. BY MARK JUERGENSMEYER. Berkeley: University of California Press, 2000, 316 pp. $27.50.

An intriguing comparative work on religious terrorists—Christian, Islamic, Jewish, Sikh, and Buddhist—with an unusual virtue: it takes religion seriously. The author contends that Clausewitz's famous maxim about violence requiring a political purpose may not apply in this case. Indeed, religious terrorists can act on a variety of apolitical motives. Some terrorists are largely theatrical in nature, whereas others believe in cosmic conflicts made manifest on earth; some perpetrators may even believe that their acts carry quasi-magical implications. As a piece of practical sociology, unfortunately, the book does not quite convince with its possible solutions to religious terrorism, whose agents are more potentially lethal today than ever before despite their small numbers. For example, it is unlikely that a "ritualized cosmic war" will ever replace a true believer's desire for the real thing. Nevertheless, the author's diagnosis deserves attention from those interested in an increasingly common form of violence.

The Middle East Military Balance, 1999–2000. EDITED BY SHLOMO BROM AND YIFTAH SHAPIR. Cambridge: MIT Press, 2000, 477 pp. $37.50.

A product of the Jaffee Center for Strategic Studies at Tel Aviv University, this once-annual volume has reappeared after several years of absence and offers the usual mix of analytical essays and tabular data. Unfortunately, it lacks the high quality of some of its predecessors. First, the essays attempt to cover too much—a wide array of bilateral and multilateral balances in too short a space. Furthermore, the authors devote a great deal of attention to the acquisition of technology but little to sociological or doctrinal matters. They also include an essay on airpower using arcane weighting methodology that will confuse some readers and leave others unconvinced. The tabular data is only as good as the reputation of the authors, who are solid Israeli experts in their field. But without some greater knowledge of sources and methods, one is no more disposed to believe this book over other main sources of technical military data. A useful reference work, but the exceptional quality of previous volumes in this series leaves this book in the shadows.

Technological Change and the Future of Warfare. BY MICHAEL O'HANLON. Washington: Brookings Institution Press, 2000, 197 pp. $42.95 (paper, $18.95).

The Brookings Institution has produced

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a defense study that proposes modest cuts in military spending based on an all-too-familiar recipe: a high/low mix of weapon systems (similar to the combination of expensive, high-performance F-15 jets and the cheaper F-16s in the past); smaller hardware purchases; and prudent research that stops short of weapons acquisition. But unlike in previous works with a similar approach, the author takes aim at the debate over the so-called revolution in military affairs (RMA). In this polemic against RMA proponents—who are rarely identified by name and are generally lumped together into an undifferentiated, ill-informed mass of technological enthusiasts—O'Hanlon's basic message is "not so fast." Building on the belief that technology does not change war all that quickly, he expects that the military of 20 years hence will look like the military of today, give or take a few microchips. O'Hanlon may be right, and he offers much prudence here. But had he said the same thing in 1900 or 1920, he would have been very wrong indeed. Too many straw men clutter his book, against which precision-guided arguments such as his are not needed.

The Secret War Against Hanoi: Kennedy's and Johnson's Use of Spies, Saboteurs, and Covert Warriors in North Vietnam. BY RICHARD H. SHULTZ, JR. New York: HarperCollins, 1999, 408 pp. $27.50.

This sprawling and fascinating study was drawn chiefly from the papers of the Studies and Observation Group (SOG), which ran America's covert war against North Vietnam. Torn between scholarly detachment and an understandable admiration for the courage and ingenuity of America's operatives and their Vietnamese allies, the author draws up a discouraging balance sheet. According to Shultz, every agent who infiltrated the North either ended up dead or turned back against the United States. Most diabolical psychological warfare schemes fizzled; bureaucratic rivalries and complications stifled many good ideas. And the basic military targets, including the all-important Ho Chi Minh trail, were attacked but never dealt a mortal wound. In the end, Shultz's respect for the agents involved does not compromise his dispassionate assessment of their accomplishments.

International Relations and Security Network. THE CENTER FOR SECURITY STUDIES AND CONFLICT RESEARCH, ZURICH. http://www.isn.ethz.ch

Developed by the Swiss Institute of Technology in Zurich, this large Web site serves as one of Switzerland's contributions to the Partnership for Peace program. With a generous array of links to a wide range of subjects from terrorism to regional security problems, it offers interesting features like educational modules and databases. Topics such as migration and demography receive attention as well as the traditional military subjects, including particularly good sections on contemporary European security issues. Conference crawlers will like the section devoted exclusively to their needs, but the desk-bound students of international security will also find more than enough to absorb their attention. The European tilt is noticeable—and welcome—for refugees from the American Web site "Defenselink" and its counterparts.

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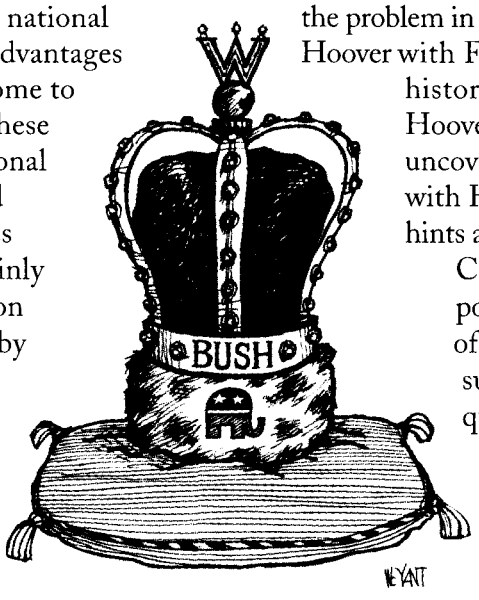
The United States

PHILIP ZELIKOW

First Son: George W. Bush and the Bush Family Dynasty. BY BILL MINUTAGLIO. New York: Times Books, 1999, 371 pp. $25.00.

Those interested in learning about a possible future president can start with this book. This account is thorough, albeit a bit light on Bush's years as Texas governor. Like the good journalist he is, Minutaglio has done his homework, talked to just about everyone he could, and laid out the story without a slant. Bush's supporters and detractors alike will find some of what they seek. Supporters will notice that the candidate has long been honest, direct, and friendly; for at least the last 15 years, he has been rather disciplined, too. As a gubernatorial candidate he stated his priorities; as governor he acted on them. Opponents will highlight his thin engagement with national policy issues and the advantages that have inevitably come to the "first son." With these advantages come personal burdens, however, and Minutaglio illuminates them. Bush also is plainly intelligent, informed on foreign policy mainly by his wide circle of acquaintances and advisers as well as his experiences in Texas—hence his particular interest in immigration and trade. Above all, Bush knows politics and political management. If presidential power is mostly about persuasion, that is an art he has studied.



Working in the World: Jimmy Carter and the Making of American Foreign Policy. BY ROBERT A. STRONG. Baton Rouge: Louisiana State University Press, 2000, 294 pp. $49.95 (paper, $24.95).

A self-described "revisionist," Strong uses nine case studies to refute the view that Carter bungled his foreign policy. Although acknowledging some serious problems in the handling of U.S.-Soviet relations, the author argues that Carter was neither weak nor indecisive; more often he was conscientious and consistent. Tapping into recently opened archives and valuable oral histories, Strong offers a rigorous and nuanced analysis with nary a breath of polemic. The result is the best book on Carter's foreign policy to date. Strong also persuades about the need to reappraise Carter's record. Reevaluating Carter recalls the problem in comparing Herbert Hoover with Franklin Roosevelt: historians increasingly notice Hoover's strengths as they uncover F.D.R.'s failings. As with Hoover, the comparison hints at questions about Carter's weakness as a politician and the relation of politics to presidential success. For those questions, Strong's case studies do not knit together well enough to provide the answers.

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Not Whether but When: The U.S. Decision to Enlarge NATO. BY JAMES M. GOLDGEIER. Washington: Brookings Institution Press, 1999, 218 pp. $42.95 (paper, $18.95).

Strange Bedfellows: NATO Marches East. BY GEORGE W. GRAYSON. Lanham: University Press of America, 1999, 268 pp. $22.50 (paper).

These two books tell how NATO expanded to include Poland, Hungary, and the Czech Republic. Grayson is a loose, fluid writer, but he gets some facts wrong; Goldgeier is more careful. Although its importance was understandably exaggerated by both advocates and enemies, this story is significant—roughly comparable to the importance of NATO's 1952 expansion to include Greece and Turkey. Former National Security Adviser Anthony Lake and then–Assistant Secretary of State Richard Holbrooke get their share of credit. Yet both authors (especially Grayson) tend to treat midlevel bureaucrats as the heroes in the story, focusing on American interagency arguments rather than international politics. The key task for these officials was to make NATO enlargement a priority for the president. Once Clinton was committed, there were few ways the initiative could go wrong, given the wide Republican support. But both books have a problem with context. While this play unfolded, the Balkans were burning and Russia was smoldering. In these accounts, the players and the audience barely notice the odd wisps of smoke that drift across the stage.

The Pivotal States: A New Framework for U.S. Policy in the Developing World. EDITED BY ROBERT CHASE, EMILY HILL, AND PAUL KENNEDY. New York: W. W. Norton, 1998, 445 pp. $35.00.

The Cold War gave the United States a compass to orient its policies toward the developing world—a compass now gone. Building on and revising an argument originally put forward in *Foreign Affairs,* the editors offer a new conceptual framework for U.S. policy based on two pillars: states decisive to the fate of their regions and the crosscutting issues that affect them all. The pivotal states are Indonesia, India, Pakistan, Turkey, Egypt, South Africa, Brazil, Algeria, and Mexico; the crosscutting issues are population growth, environment, ethnic conflict, human rights, and economics. Since hardly any author can write authoritatively on all these countries and problems, an edited book is needed. To their credit, the editors have assembled a strong, cohesive team. Moreover, their list of pivotal states is interesting. Only Turkey and Egypt rank equally high on the priority list of U.S. defense planners, as authors Don Daniel and Andrew Ross point out. On the other hand, Ukraine and Saudi Arabia are high on government lists, yet these editors do not consider them so pivotal. But this is a book about making choices—and how to start thinking strategically about the developing world.

Free Trade, Free World: The Advent of GATT. BY THOMAS W. ZEILER. Chapel Hill: University of North Carolina Press, 1999, 267 pp. $39.95.

Since the future agenda for world trade seems unmoored after the failure of the World Trade Organization's Seattle conference, now is a good time to reflect on the origins of the postwar free-trade regime, especially the General Agreement on Tariffs and Trade. Zeiler has written an excellent, timely book on how GATT

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was created in the 1940s and makes two outstanding points. First, he argues, GATT was designed to allow for a good deal of economic nationalism; its flexibility made it resilient, and the incremental progress was steady. Second, GATT was nurtured and sustained by the Cold War. Economic rivalries were not completely submerged, but they were sublimated by a sense of solidarity against a common foe that served as an opposing paradigm for the economic organization of societies and nations. With that purpose now gone, Seattle may be a harbinger of the changes in store—unless the case for a rejuvenated world trading system can be made.

Cold War Statesmen Confront the Bomb: Nuclear Diplomacy Since 1945. EDITED BY JOHN LEWIS GADDIS, PHILIP H. GORDON, ERNEST R. MAY, AND JONATHAN ROSENBERG. New York: Oxford University Press, 1999, 398 pp. $39.95.

This edited volume performs two services. First, it challenges the argument of the historian John Mueller: the long peace among the great powers since 1945 and the limited character of the Korean War were caused by a general fear of major war, not of nuclear weapons. Unfortunately, Mueller's argument is not adequately addressed, since the necessary counterfactuals require a careful analysis of one war (Korea) and several crises, none of which any author here examines closely. But the book better handles its second task: assembling cutting-edge historical essays on how the leading statesmen of the Cold War's first half—Truman, Stalin, Mao, Eisenhower, Dulles, Kennedy, Khrushchev, Churchill, de Gaulle, and Adenauer—viewed nuclear weapons. This objective is admirably attained, even though the authors (with the exception of Philip Nash) examine attitudes more than particular events. But these leaders' attitudes did evolve, perhaps none more poignantly than Dwight Eisenhower's. Andrew Erdmann writes that as Eisenhower was leaving office, this torn man "simultaneously clung to nuclear weapons tighter than ever, while trying to push them away."

Western Europe

STANLEY HOFFMANN

European Monetary Integration and Domestic Politics. BY JAMES I. WALSH. Boulder: Lynne Rienner, 2000, 181 pp. $49.95.

The Elusive Quest for European Security: From EDC to CFSP. BY SIMON DUKE. New York: St. Martin's, 2000, 406 pp. $69.95.

These two volumes provide the most detailed and satisfactory accounts to date of the European Union's two major undertakings in the 1990s. Walsh examines the creation of the European monetary system, the resulting exchange-rate policies, and the negotiation of economic and monetary union (EMU) that ultimately led to Europe's single currency. Contrary to most accounts, he argues that the march toward EMU was already under way before German unification. He makes his case by illuminating the preferences of big industry and banking and the way they affected the bargains among France, Italy, Britain, and Germany. His convincing analysis shows, among other things, that national institutions had a greater impact than their EU counterparts before EMU was

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launched, with "power-based bargaining, rather than learning" driving agreement on international rules.

Duke addresses Europe's far less successful march toward a common foreign and security policy, starting with the failed European Defense Community and de Gaulle's Fouchet Plan of 1961–62. Emphasizing how marginal the Western European Union (WEU)—the EU's defense arm—has been under NATO's shadow, he analyzes the 1996 intergovernmental conference that tried to carry out the Maastricht Treaty's provisions on common diplomacy and defense. The thorny and divisive issues of the WEU's relation to NATO and the wars in Bosnia and Kosovo are also examined with skill and serenity. Duke points out the elusiveness of Europe's quest to become more than just an economic power and the many obstacles that remain: the diversity of national armaments industries and strategic orientations, the formidable costs of an autonomous security system, and America's reluctance to let the EU use NATO assets and resources are only some of the problems. And like Walsh, Drake is prudent in his concluding comments.

The Construction of Memory in Interwar France. BY DANIEL J. SHERMAN. Chicago: University of Chicago Press, 2000, 448 pp. $45.00.

Intelligent cultural history can throw much light on the mentality and politics of a nation. This superb, exhaustive volume makes vivid World War I's aftershocks in France. Sherman starts by reviewing the choices that the French faced in commemorating their 1.5 million war dead: whether the soldiers should remain buried near the battlefields in huge ossuaries or be returned to their towns and villages; what kind of monuments should be built; and how extensive the state's role should be in the affairs of its citizens. As Sherman points out, monuments became a stake in the contest for influence between national and local governments, between secular and religious forces, and even between political camps. He also shows that commemoration ceremonies were doubly conservative in that they confirmed traditional views about gender and perpetuated the image of France as a predominantly rural country. Anguish over France's demographic crisis and remembrance of the heroic war years covered France with monuments that were often banal, and the narrative of national unity that had prevailed in the 1920s dissolved in the 1930s. Today, Sherman writes, the drama of World War I has moved from memorials honoring the dead to "historials" documenting a story—and focusing on the individual more than on the citizen as patriot.

A Nation Collapses: The Italian Surrender of September 1943. BY ELENA AGAROSSI. New York: Cambridge University Press, 2000, 187 pp. $44.95.

This fine case study uses recently released documents to chronicle the chaotic weeks following Italy's capitulation to the Allies on September 8, 1943, when the Germans pushed through with their disastrously speedy occupation while the Italian military and political establishment disintegrated. Agarossi shows that the Anglo-American commitment to "unconditional surrender" made a separate peace with Italy impossible and required invasion instead. But the Allied preparations for the Normandy assault meant that only limited forces could be used

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for landings in the south in autumn 1943. Underestimated by the Allies, the Germans quickly realized this and reacted decisively. Meanwhile, the "total inaction and irresponsibility" of the Italian government was seen by Italian soldiers as a high-level decision not to fight the Germans; the few Italians who did resist were massacred. Fascism's legacy, argues the author, had eradicated all sense of responsibility among the ruling and military classes. She also debunks the myth of the Italian resistance as a popular struggle and revolutionary movement. Her provocative conclusion argues that the idea of the Italian nation was nevertheless strong on both sides—and began to weaken only later, owing to the political hegemony of the leftist and Catholic parties and their international sponsors.

Hitler's Austria: Popular Sentiment in the Nazi Era, 1938–1945. BY EVAN BURR BUKEY. Chapel Hill: University of North Carolina Press, 2000, 320 pp. $39.95.

A thorough account of the Austrian embrace of Hitler and Nazism, with some interesting parallels to the present. Nazism was especially strong in Carinthia, the province currently governed by Jörg Haider, and it succeeded because many Austrians had grown weary of authoritarian Christian Democratic rule—just as Haider's far-right Freedom Party now benefits from the electorate's rejection of the Catholic-Socialist spoils system. Bukey also describes the turf wars among bureaucrats, regions, and Nazi factions and highlights the reasons for Hitler's support. Skyrocketing unemployment led many workers to acquiesce to Nazism; even the leading Social Democrat Karl Renner supported the annexation of Austria by Germany. But what was open and ugly then is submerged (although not dead) today: rabid antisemitism rooted in the national psyche. Indeed, antisemitism was much more integral to Nazi support in Austria than in Germany. Having mistakenly expected Italy's surrender to detach Austria from Hitler, the Allies published on November 1, 1943, the declaration that called Austria "the first free country to fall victim" to Hitler—a total misreading of history that let Austria avoid facing its past after the war. Later, de-Nazification ground to a halt when the postwar government realized that one-third of the population had been either registered Nazis or their dependents.

Western Hemisphere

KENNETH MAXWELL

Mexico and the Sexenio Curse: Presidential Successions and Economic Crises in Modern Mexico. BY JONATHAN HEATH. Washington: Center for Strategic and International Studies, 1999, 144 pp. $17.95 (paper).

A succinct, timely primer for Mexico's presidential election this July. After two decades of peso stability, Mexico began suffering from chronic and recurrent currency crises in 1976. As the veteran Mexico watcher Sidney Weintraub points out in the introduction, Mexicans are now used to the currency collapsing at the end of each presidential *sexenio,* or six-year term of office—and "they act accordingly" by shedding their peso assets. Heath has now tackled this "curse" in detail while emphasizing the preventive steps Mexico has taken: a prudent fiscal

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policy, lengthened debt maturities, increased domestic savings, a floating exchange rate. But he also points out the problems, especially the country's weak banks and potentially tense political situation owing to the competitive contests for the presidency and the congress. These worries could provoke capital flight and a balance-of-payments crisis even if good economic fundamentals are in place. Despite Finance Minister José Angel Gurría's careful strategy, Heath argues, the government's continuing lack of credibility among the public could push its citizens to buy dollars and sell pesos once again. Given these deeply psychological dangers, only time will tell if the new Mexican president will avoid a 1994-style meltdown that requires another international bailout. And a peso crisis is not a challenge that any new U.S. president will wish to face, either.

Guide to the Perfect Latin American Idiot. BY PLINIO APULEYO MENDOZA, CARLOS ALBERTO MONTANER, AND ALVARO VARGAS LLOSA. TRANSLATED BY MICHAELA LAJDA AMES. Lanham: Madison Books, 2000, 218 pp. $24.95.

Three Latin Americans team up to shred the slavish political correctness that they see dominating Latin American elites. With wicked examples, they charge their subjects with the crimes of unquestioning self-absorption, obsession with victimhood, and fondness for clichés. But this book (already a bestseller in the region) also has a serious purpose. By constantly seeking Yankee scapegoats, the authors believe, Latin Americans evade responsibility for the real economic and political problems surrounding them and work against the healthy democratic practices of consensus and reciprocal concessions. Few targets are spared as the authors take on the totalitarian illusions of Latin America's revolutionary left, the long love affair with the Cuban Revolution, liberation theology (in a chapter mischievously called "Rifles and Cassocks"), and good old Yankeephobia. Exaggerated, even unfair at times, this book nevertheless provides a rollicking good read. It ends with ten pages of pertinent quotations, including those from a "reformed" idiot (one of the authors) who has reproduced his battle cry of anti-American slogans shouted outside the White House in 1984.

A Concise History of Mexico. BY BRIAN R. HAMNETT. New York: Cambridge University Press, 1999, 333 pp. $49.95 (paper, $17.95).

A superior, accessible history of Mexico that does full justice to the origins of the country's complex multiethnic and multicultural texture. This feature, argues Hamnett, still affects contemporary events and helps explain Mexico's curious mix of dynamic transformation and the persistence of tradition. The author takes the reader deep into Mexico's pre-Columbian period, giving unusual emphasis to its indigenous background and placing the European incursion after 1519 in its long-term historical context. Indeed, the entire book seeks to consider Mexico's full historical and geographical dimension rather than just the last 150 years. On this broad canvas, Hamnett then paints the origins of Mexico's contemporary economic problems; the tensions between constitutional power, interest groups, and individuals; the role of federalism and centralized power; the struggle between liberalism and Catholic tradition;

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and the role of nationalism. He ends in 2000 with a succinct examination of the politics of democratization. This formidable synthesis offers one of the best introductions to Mexico available in English.

Chile Under Pinochet: Recovering the Truth. BY MARK ENSALACO. Philadelphia: University of Pennsylvania Press, 2000, 296 pp. $45.00.

An excellent, in-depth examination of the repression under General Augusto Pinochet's rule—and the human-rights movement that followed. The account begins by describing Chile's ideological polarization that led up to Pinochet's 1973 coup and the military's violent assault on the left in which many socialists "disappeared." Once in power, Pinochet marginalized the judicial system, consolidated executive powers, and built up the secret police and intelligence services. Ensalaco then examines Chile's more recent attempts to face this legacy. Pinochet's civilian successor, President Patricio Aylwin, was obliged to accept the general's continuing presence as commander-in-chief of the armed forces, which was a condition for the peaceful transition to democracy. Aylwin nevertheless sought a careful balance by addressing the consequences of Pinochet's rule. Not surprisingly, many critics charged that Aylwin's "truth and reconciliation" commission was too timid in confronting the regime's crimes. Such compromises did help make democratization possible by pursuing accountability rather than prosecution. But justice was postponed as the commission was unable to penetrate the wall of impunity and discover the truth about the "disappeared." This shortcoming, Ensalaco writes, produced an imperfect democratic transition. Pinochet's 1998 arrest in London and recent return to Chile have reopened these issues—and shown how they continue to plague the country's democracy. An essential guide to understanding Chile's past.

The Spectacle of Races: Scientists, Institutions, and the Race Question in Brazil, 1870–1930. BY LILIA SCHWARCZ. TRANSLATED BY LELAND GUYER. New York: Hill and Wang, 1999, 358 pp. $35.00.

A fascinating discussion of how Brazilian philosophers, politicians, and scientists dealt with miscegenation—a fundamental reality of Brazil at a time when the notion of mixed-race society horrified European travelers. Seeking to whiten the population, Brazilian scientists embraced Social Darwinist ideas about innate racial differences despite their fears about the consequences of applying European ideas on race to the complex Brazilian context. Schwarcz shows how these European prejudices became a means for conservatives to preserve traditional social hierarchies. She also examines the role of ethnographic museums, the pioneering Brazilian Historical and Geographic Institute founded in 1839, and the prestigious law and medical schools that trained the elites "chosen" to direct Brazil's destiny. A rich and important study that skillfully elucidates some of the hidden recesses of Brazilian national identity.

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Middle East

L. CARL BROWN

The Israeli-Syrian Peace Talks: 1991–96 and Beyond. BY HELENA COBBAN. Washington: U. S. Institute of Peace Press, 2000, 235 pp. $19.95 (paper).

The 1991 Madrid conference set in motion such Arab-Israeli steps toward peace as the Oslo agreement, sealed with a handshake between Yasir Arafat and Yitzhak Rabin in September 1993, and the Israeli-Jordanian treaty of October 1994. In contrast, Israel and Syria reached no settlement after negotiating for almost five years. Why this difference? Cobban offers a compelling narrative of these negotiations, which were suspended in spring 1996 when Israeli Prime Minister Shimon Peres put the talks on the back burner while campaigning (unsuccessfully) for reelection. She has sought out the written and broadcast record—important for unearthing diplomatic signals—and interviewed almost all the principal Israeli, Syrian, and American figures. Her findings offer a solid challenge to establishment American and Israeli thinking on the subject. As she argues, both sides seriously sought to settle and almost succeeded. What foiled the agreement was more the leaks, mistakes, and domestic resistance on the Israeli side than the faults on the Syrian side. And the Clinton administration, instead of nudging along both sides as an objective party, passively followed the Rabin-Peres tactics.

Atatürk: The Founder of Modern Turkey. BY ANDREW MANGO. Woodstock: Overlook Press, 2000, 666 pp. $35.00.

From the ruins of the Ottoman Empire, Mustafa Kemal Atatürk founded something quite different—a nation-state called Turkey. The life of Atatürk (or "Father of the Turks," his adopted sobriquet) makes for an epic story many times told. Mango himself lists 16 biographies of Atatürk dating from as early as 1932 (6 years before Atatürk's death) and including 6 in the last few years. This latest biography is a dense but readable narrative reconstruction of Atatürk's life, avoiding both hagiography and hatchet job. His military and political career before the creation of Turkey takes up more than half of the book. With a judicious weighing of often contradictory accounts and an impressive combing of Turkish sources, Mango follows Atatürk in confrontation with his immediate circle of supporters and rivals. But why did Atatürk and his revolutionary program prevail? Even with Mango's meticulous detail, the answer to this question remains elusive.

Tournament of Shadows: The Great Game and the Race for Empire in Central Asia. BY KARL E. MEYER AND SHAREEN BLAIR BRYSAC. Washington: Counterpoint, 1999, 646 pp. $35.00.

A tour de force. On one level are stories of the soldiers, scholars, and spies who ventured during the last two centuries into the rugged mountainous territory, from Iran to Tibet, that made up the nebulous border between the Russian and British empires. They were serving either Britain or Russia—or were believed to be. Later, a few Americans and Germans joined in, combining adventurous trekking with national interest. All the accounts, diligently documented, evoke a Kiplingesque derring-do. At another level, these stories assess the strategies

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and characteristics of empires: the "forward school" bent on pushing imperial boundaries ever outward, the phobia over what the imperial enemy is up to, and the reluctance to abandon territory once gained. Especially well presented are the ill-fated British interventions in Afghanistan that presaged the later Soviet experience. The authors give the last word to a retired great-game player: it was just a game "with scores, but no substantive prizes."

Being Modern in Iran. BY FARIBA ADELKHAH. New York: Columbia University Press, 2000, 190 pp. $25.00.
The Last Great Revolution: Turmoil and Transformation in Iran. BY ROBIN WRIGHT. New York: Alfred A. Knopf, 2000, 339 pp. $27.50.

The surprising election of Muhammad Khatami as president of Iran in May 1997 was only a hesitant Thermidor; conservative clerics still retained real control. But February's elections brought the liberals a smashing victory. Do these developments suggest that Iran's harsh, autocratic regime, led by mullahs claiming a divine mandate, might devolve toward democracy? Addressing this question requires treatment not just of high politics and diplomacy but the stuff of daily life. These two books fit the bill in complementary ways. Adelkhah's account is more abstract and academic, whereas Wright tells her story in terms of representative individuals. Together, the two cover a vast, indeed surprising, range of subjects including sports, cinema, marriage, dress, birth control, and even taxation. They both reveal Iranians of different classes, ages, and genders coming together in the quest for more personal freedom while confronting a powerful but beleaguered regime. Although they duly note the petty constraints, prison sentences, and disturbing signs of government-inspired violence (even attempted assassinations) that Iranians live with, the authors seem moderately hopeful about the prospects for greater openness.

The Arab Shi`a: The Forgotten Muslims. BY GRAHAM E. FULLER AND REND RAHIM FRANCKE. New York: St. Martin's, 2000, 290 pp. $49.95.

An estimated 14 million "Twelver" Shiite Muslims live in Arab Asia, accounting for some 16 percent of the total population—a decided minority in the overwhelmingly Sunni Muslim portion of the Arab world. (Twelver Shiites are by far the largest group within the Shiite world, in contrast to the much smaller Zaydi and Alawi Shiite groups in Yemen and Syria, respectively.) They constitute a majority in Iraq and Bahrain and are the single largest religious community in Lebanon. This book reveals striking diversity in sociopolitical conditions, devoting separate chapters to the Shiites in Iraq, Bahrain, Kuwait, Saudi Arabia, and Lebanon. The authors illustrate the plight of the Shiites in Iraq and Bahrain, their much better treatment in Kuwait, and their dramatic political success in Lebanon. The transnational influence of Shiite religious leaders and the ambivalent, limited influence of Iran on Arab Shiites are also underscored. As the authors point out, their Arab identity outweighs their religious affiliation in many political contexts. A good, reliable, and nuanced account, *The Arab Shi`a* should ensure that this group will be neither forgotten nor stereotyped.

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Asia and Pacific

LUCIAN W. PYE

Imperial China: 900–1800. BY FREDERICK W. MOTE. Cambridge: Harvard University Press, 2000, 1,107 pp. $39.95.

This is history on a grand scale but with intimate details. In the crowning achievement of a lifetime of research and teaching at Princeton, Mote has produced what is destined to become the definitive work on traditional China. Rather than basing his history on one particular grand theory, he provides a chronology interspersed with stimulating and informative essays. These include insightful commentaries about the institution of the emperor, the nature of the bureaucracy, the informal practices of local governments, the political importance of artistic excellence, the economics of the Yellow River basin, the organizational practices of the nomadic tribes, and much more. More than an account of the activities of the political decision-makers, Mote provides a vivid picture of the hierarchical structure of Chinese society. The sum effect is an informative work that makes vivid the full dimensions of China's greatest centuries.

Mao: A Life. BY PHILIP SHORT. New York: Henry Holt, 2000, 782 pp. $37.50.

Mao Zedong. BY JONATHAN SPENCE. New York: Viking, 1999, 190 pp. $19.95.

As the era of Mao's rule is eclipsed by the great economic strides following Deng Xiaoping's reforms, it becomes harder to judge Mao's place in history. But his biographers are still inclined to make him a larger-than-life figure, even though it is no longer possible to ignore the horrors he inflicted on China. Short's massive study benefits from the intimate portrayal of the private Mao revealed in the recently published memoirs of people who had firsthand dealings with him. First came the shocking revelations in the memoirs of Mao's doctor, followed by reports from former bodyguards and secretaries that further blackened the reputation of the private Mao. Short recognizes the personal flaws, but he is still puzzled about how Mao could have become such a tyrant, outdoing Hitler and Stalin by killing more of his own people than any other leader in history. To his credit, Short keeps his prose lively despite the book's length, but he seems adverse to providing any psychological interpretations that could solve his central question.

Spence's short review of Mao's life is less detailed but more elegant than *Mao: A Life.* A detached account, his book is written from the perspective of a future historian. Like Short, Spence has trouble reconciling the contradictions and self-defeating elements in Mao's story. In trying to make sense of this mystery, he recalls the practice in Europe's grand households during seasonal celebrations in the Middle Ages, when a "Lord of Misrule" was appointed to exercise free reign and turn the world upside down, making

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right wrong, wrong right, and wreaking havoc with social status—an imaginative but rather lighthearted metaphor for someone who forced so much horror on China. One cannot minimize the impact that Mao had on Chinese history. But with every revelation about what transpired in Mao's court, it becomes harder to explain the awe in which he was held not just by Chinese but by people throughout the world.

Alliance Adrift. BY YOICHI FUNABASHI. New York: Council on Foreign Relations Press, 1999, 503 pp. $49.95 (paper, $25.00).

The U.S.-Japan Alliance: Past, Present, and Future. EDITED BY MICHAEL J. GREEN AND PATRICK M. CRONIN. New York: Council on Foreign Relations Press, 1999, 403 pp. $19.95 (paper).

The post–Cold War stability of Asia depends on the effectiveness of the U.S.-Japan alliance—and the critical but troubling question to ask is whether this strained relationship will be up to the challenge. A distinguished Japanese journalist, Funabashi analyzes the problems of the alliance by dissecting four case studies: friction over economic and trade matters, responses to the North Korean nuclear weapons program, American bases in Okinawa and the aftermath of the rape of a Japanese schoolgirl there, and the challenge posed by China after its 1996 missile firing near Taiwan. The result is a lively, in-depth account of the operations of two governments with quite distinct styles. Based on extensive interviews and careful archival readings, Funabashi brings to life the personalities of the officials involved. The result is first-class diplomatic history told through human interactions.

Green and Cronin have edited a different type of study of the alliance and its problems: a collection of authors engaging in highly detailed and technical policy analysis. Logical rigor and factual precision, rather than personalities, characterize this work. The authors pose tough questions about the priorities of American policy—toward not just Japan but also the rest of Asia. The editors conclude that a reaffirmation of the alliance will require a new definition of roles and policies, which in turn should engage China and work toward a global security partnership.

Meltdown: Asia's Boom, Bust, and Beyond. BY MARK L. CLIFFORD AND PETE ENGARDIO. New York: Prentice Hall, 1999, 322 pp. $28.00.

Although the Asian financial crisis has already been scrutinized by many economists, this is the study for nonspecialists seeking to clarify what the boom and bust were really about. Both business journalists, Clifford and Engardio tell a story that goes well beyond the usual statistical analyses, vividly describing the unprecedented inflow of capital and real-estate bubbles guided by poor investment judgments that helped cause the crash. In human terms, they identify the specific Asian business practices—crony ties, disregard for profitability, and misguided fantasies of instant wealth—that made the boom possible in the short term but doomed in the long run. The authors also charge that Americans could have been alerted to the dangers had they not allowed fantasy and greed to conquer good judgment. And Clifford and Engardio remain guardedly pessimistic about the possibility of Asia's returning to its former growth rates. In fact, they see China

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beset with serious problems and Japan mired in economic stagnation. The necessary financial reforms will take time, and cultural changes are needed to control hot money and make investments more sensitive to profitability. A useful story about the dangers of irrational exuberance.

Born a Foreigner: A Memoir of the American Presence in Asia. BY CHARLES T. CROSS. Lanham: Rowman and Littlefield, 1999, 320 pp. $69.00 (paper, $24.95).

Born in Beijing to missionaries, Cross is personally acquainted with Asian history at a time when most Americans are confined to headlines and history books. He was an eyewitness as a teenager to the brutal Japanese occupation of China, fought at Iwo Jima as a Marine, and then served throughout East Asia during a thirty-two-year career in the Foreign Service that included posts as ambassador to Singapore and consul general in Hong Kong. Although his narrative sometimes reads with all the panache of an embassy cable, Cross approaches his subjects with refreshing candor. Ironically, the most fascinating part of the author's career began with his retirement in 1979, which paved the way for his appointment as the first director of the American Institute of Taiwan—the nongovernmental organization that replaced the American embassy in Taipei. Here Cross gives deserved attention to the challenge of practicing "unofficial" diplomacy with a Taiwanese government that sought to reveal his outfit as "just an embassy by another name." This volume may not read like Graham Greene, but Cross should qualify as our man in Asia.

WILLIAM J. DOBSON

Africa

GAIL M. GERHART

Politicians and Poachers: The Political Economy of Wildlife Policy in Africa. BY CLARK C. GIBSON. New York: Cambridge University Press, 1999, 245 pp. $59.95 (paper, $24.95).

This innovative study applies to wildlife conservation policy in Africa the structural-choice theory of bureaucratic behavior—the idea that individuals and groups attempt to control public institutions for their own benefit. Focusing on conservation policies in Zambia since independence and drawing comparisons with Kenya and Zimbabwe, Gibson demonstrates some unexpected outcomes. For example, electoral systems that make parliaments responsive to constituency demands have played a decisive role in thwarting conservation, while personnel in charge of preserving wildlife have usually found that their best interests lay in ignoring antipoaching laws. Most Africans, quite rationally, regard conservation as something that benefits wealthy foreigners, tourist-industry entrepreneurs, and central governments rather than the ordinary person. To politicians from the national level down to the local chief, control over the permission to hunt is an important source of patronage and income that dries up when conservation takes precedence. The author concludes that programs for community management of wildlife have marginally improved enforcement in Zimbabwe and Zambia but have not altered the ordinary African's belief that hunting is legitimate.

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Green Land, Brown Land, Black Land: An Environmental History of Africa, 1800–1990. BY JAMES C. MCCANN. Portsmouth: Heinemann, 1999, 216 pp. $24.95 (paper).

A lively introduction to a subfield of history with important lessons for future African development. Using a series of geographically and historically diverse case studies, McCann points out that some instances of today's deforestation, desertification, and soil erosion are not necessarily the result of human land-use practices, contrary to widespread belief. Changes in African landscapes have indeed occurred, but their causes are much more multidimensional than popular explanations have generally allowed. For example, research now suggests that African agricultural practices at the margins of the Sahel were not a cause of, but a response to, changing climatic conditions in the 1970s that resulted mainly from shifting ocean temperatures. The alleged deforestation of Ethiopia in the twentieth century assumes that its highlands were heavily forested earlier, a "fact" now placed in doubt by historical research. This book shows that more detective work must be done before the historical interactions of humans and their natural environment can be understood.

Fault Lines: Journeys into the New South Africa. BY DAVID GOODMAN. Berkeley: University of California Press, 1999, 411 pp. $29.95.

This gem of a book looks at contemporary South Africa by recounting how the lives of eight South Africans have dramatically changed—or not changed—with the end of apartheid. An excellent introduction to the intricacies of South African politics and society for newcomers to the topic, it weaves in just enough historical background to contextualize its subjects without becoming academic. Goodman manages to establish an empathy with his subjects while coolly dissecting their raw emotions of resentment, guilt, denial, and ambition. The unifying theme is the strain created by the unresolved problems that link the new South Africa to the old: racism, inequality, and ongoing poverty—all legacies of past injustice. The gulf between hope and reality, and Goodman's disappointment with what he sees as a revolution's not living up to its ideals, add another stimulating dimension. The splendid photographs by Paul Weinberg are a further bonus.

The Soul of a Nation: Constitution-Making in South Africa. BY HASSEN EBRAHIM. New York: Oxford University Press, 2000, 699 pp. $55.00.

The definitive account to date of South Africa's successful negotiation between 1990 and 1996 of a political settlement of its long racial conflict. A lawyer who played an important managerial role behind the scenes, the author strikes an admirably neutral tone in describing the slogging work of building consensus and compromise. Dramatic moments of crisis appeared when failure loomed, and only the maturity, determination, and humor of party leaders put the talks back on track. The focus throughout is not on the wider political canvas—the March 1994 right-wing uprising in Bophuthatswana gets two terse sentences—but on the detailed mechanics of the talks and the key issues under negotiation. This makes the work an ideal complement to the broader and less-exhaustive journalistic accounts

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of South Africa's transition by Allister Sparks, David Ottaway, and Patti Waldmeir. The inclusion of 38 historically important primary documents adds value to the text for both students and researchers.

Microsoft Encarta Africana 2000. EDITED BY HENRY LOUIS GATES, JR., AND KWAME ANTHONY APPIAH. $59.95.
This set of two compact disks is the second edition of a justly praised multimedia encyclopedia of the black experience in Africa and the western hemisphere. Pitched at a high school and college audience, it looks at history, art, literature, music, and religion by using short articles, photographs, film clips, maps, virtual tours, and voice recordings; full-length texts of 139 works of African-American literature are also included. Entries on Africa constitute about a quarter of the total. Multiple authors with varying levels of expertise contributed to the text on Africa, which is marred by small inaccuracies but generally reads well, with the exception of Molefi Asante's rambling and impenetrable piece on Afrocentricity. Some will quibble with the coverage of Africa—Graça Machel, Mozambique's former first lady, now married to Nelson Mandela, gets an entry, but not Eduardo Mondlane, Mozambique's George Washington. And most teachers will find the "recommendations for further reading" on the sparse and arbitrary side. Nevertheless, a tremendous learning tool that every school should have.

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Letters to the Editor

Jagdish Bhagwati and Thomas R. Donahue on globalization; Charles Duelfer on weapons inspections in Iraq; Janet Benshoof rejects the abortion gag rule; and others

DON'T GIVE IN TO THE DARK SIDE

To the Editor:

In "Labor's New Internationalism" (January/February 2000), Jay Mazur paints globalization in garish colors as the enemy of the working class and demands a "seat at the table" for labor unions in trade negotiations and at the World Trade Organization (WTO), "or else." But he hardly persuades.

First, the recent financial crises that Mazur recalls and deplores have little to do with the global freeing of trade. The sins of one cannot be linked to the virtues of the other. If the financial system is broken, the trading system is not what needs fixing.

Second, Mazur produces no evidence to sustain his claim that globalization (outside of the financial crises) "has dramatically increased inequality between and within nations" other than "the most recent U.N. Development Report," which is characteristically short on meaningful analysis. In fact, most empirical studies argue exactly the reverse for trade and direct foreign investment—two of Mazur's real targets.

Third, Mazur's assertion that the working class in both the North and the South is united in its demand for a seat for unions at the WTO table is simply false. Prior to Seattle, numerous intellectuals and nongovernmental organizations (NGOs) from the developing world issued a statement against linkage of labor standards to the WTO. Known as TWIN-SAL, it was also signed by three trade unions, including two from India whose membership totals several million and nears that of the AFL-CIO—even though these unions were not actively canvassed.

The reason is straightforward. True, unions everywhere would like labor rights to be advanced. But when trade sanctions are involved, Northern workers see the resulting trade protection as adding to their competitive advantage, whereas Southern workers see it as threatening their competitive position and hence their interests. Mazur's U.S. advisers, like many Washington politicians, are so stuck on trade sanctions and the WTO's inclusion of labor standards that they fail to grasp this elemental point. If they did understand, they would see that their agenda must be refocused on using nontrade instruments like the International Labor Organization—exactly as some NGOs and unions from the South and nearly all Southern governments, many of them democratic, insist.

Rejecting nontrade measures by ceaselessly reiterating that the ILO has no teeth is foolish. Today, with impartial reviews by an invigorated ILO and an active NGO

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presence to build retribution on such reviews, a good tongue-lashing could be more productive than trade sanctions that invite reciprocal bites.

JAGDISH BHAGWATI
Arthur Lehman Professor of Economics, Columbia University

To the Editor:

Too little attention has been paid to the dark consequences of free trade, and too many misunderstandings of organized labor's positions on trade matters have been spread. So the recent article by Jay Mazur, president of the Union of Needletrades, Industrial, and Textile Employees, was welcomed. It is regrettable, however, that Mazur did not define the "new internationalism" beyond suggesting that it is based on "new alliances" with "environmentalists, human rights groups, and religious and consumer activists."

The American labor movement has always been involved with the well-being of workers in other lands. Its first resolution on foreign policy, adopted in 1882, condemned England's unjust treatment of Ireland and expressed solidarity with Irish farm laborers. It was Samuel Gompers, the American Federation of Labor's first president, who convinced President Woodrow Wilson of the need to create the International Labor Organization within the League of Nations—the league's only surviving component today. From 1932 on, American labor sparked the campaign to alert the world to the dangers of Hitler's totalitarianism and to save the leaders of the unions that he dissolved within days of taking power—a campaign led by the former president of Jay Mazur's union, David Dubinsky.

After World War II, organized labor helped rebuild democratic trade unions in Europe. It identified itself with the nascent trade unions of North Africa, the Caribbean, and elsewhere in their struggles to end colonialism, as well as with the efforts of displaced Jews to create a homeland in Israel. Later, American labor fought apartheid, supported the formation of black trade unions, and was among the first American organizations to support sanctions against Rhodesia in the 1970s and later against South Africa. In more than 50 countries, the AFL-CIO helped workers develop independent unions to protect and advance their interests, both on the job and in civil society. It was a relentless foe of all forms of totalitarianism. It had and still has only one test by which to judge a nation: Is a free and democratic union movement allowed to function there?

Against this background, Mazur writes that in the post–World War II years the international role of the labor movement was "more geopolitical than industrial" and was defined "mainly through the prism of anticommunism." Although this artful writing is not intended to demean the efforts of American unions to help workers everywhere have free and independent unions, it does so nonetheless. Mazur's article supports those who denigrate labor's international defense of free, democratic unions and those who now suggest that anticommunist activity was somehow less than honorable.

It suggests that these were cynical struggles for geopolitical power in which labor was a pawn of the government, rather than efforts to ensure that workers could defend their interests. When David Dubinsky and his colleagues fought for

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free unions, they were no one's pawns. When American labor's Michael Hammer and Mark Perlman, and Rodolfo Viera, president of the Salvadoran Peasant Workers' Union, were gunned down in San Salvador as they tried to advance the land distribution program, their struggle was between rich landowners and workers. Many more examples illustrate that American labor's engagement with other unionists has been premised on the determination to ensure, as the late AFL-CIO President Lane Kirkland put it, that "ordinary people don't get kicked around by the rich and powerful."

Mazur's article suggests that today's unions are engaged in the new internationalism as a matter of self-protection and that "following the work" as it moves to other countries is necessary to protect American workers. To some extent this is true, but the labor movement was helping workers abroad for reasons of solidarity and humanitarianism long before the movement of work became significant. The labor movement has argued for the inclusion of workers' rights in every international trade negotiation since the Tokyo Round of the 1970s. Current efforts to ensure respect for core labor standards around the world come from the same inspiration.

Mazur properly highlights the need for U.S.-based corporations to take a hard look at not only their behavior abroad (in terms of wages, conditions, workers' rights, and environmental issues) but at the places they invest their money. A study released last November by the New Economy Information Service found that the developing democracies' share of total developing-country exports to the United States (excluding oil) fell from 53.4 percent in 1989 to 34.9 percent in 1998. In terms of manufactured goods exported to the United States—vital to a developing country's economic success—developing democracies' share fell by 21.6 percent, to 35.1 percent. U.S. direct investment in manufacturing in developing democracies remained largely stagnant while nondemocratic countries (mainly China) gained 5.7 percentage points.

If American corporations are as serious about their commitment to democracy as American unions are, they must be willing to work with developing democracies toward economic development that truly improves working conditions through respect for workers' rights and decent wages. These corporations can help ensure the development of democracy throughout the world and, at the same time, make consumers out of decently paid workers.

THOMAS R. DONAHUE
Former President, AFL-CIO

To the Editor:

Jay Mazur systematically distorts economic facts. Despite his self-professed "internationalism," he speaks primarily for workers in rich countries. Mazur argues that wages in less-developed nations "are artificially suppressed to about one-tenth of those in the industry's organized sectors in the North." To the contrary, American textile workers' wages are kept artificially high because poor-country textile workers are denied the right to sell in America. With a surplus of labor in developing nations, South Carolina textile workers could not succeed in a free competition. The dirty little secret of rich-world protectionism is that

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it is directed squarely at the have-nots. For example, WTO Director-General Mike Moore notes, "Average duties applied by rich countries to products from the poorest are higher than the levies on products from other rich countries. In the U.S. and Canada, average duties are about twice as high on poor-country products than on those from developed countries."

Mazur similarly ignores the role productivity plays in wage-setting. Employers cannot pay poor-country workers 60 cents per hour if their productivity merits $8 per hour. High-productivity workers could simply walk across the street to employers offering higher wages.

Mazur is correct that rights to organize, bargain collectively, and strike need to be included in the new trade agreement. But his professed internationalism is greatly at odds with the desires of workers in the poorest nations to sell their products in rich-nation markets. His call to outlaw child labor could paradoxically hurt the very children he aims to help.

Two ideas to bridge this problem are aid programs aimed at making more years of schooling economically possible for impoverished children and laws against the export of products produced by children (as opposed to employment for exclusively domestic purposes).

THOMAS O'BRIEN

Director of Research, Horizon Institute for Policy Solutions

BETWEEN IRAQ AND A HARD PLACE

To the Editor:

Daniel Byman raises some valid concerns over the U.N. weapons inspection program in Iraq ("A Farewell to Arms Inspections," January/February 2000). Now that the U.N. Security Council has passed a new resolution (albeit with four abstentions), inspectors may return to Iraq. Whether Byman's concerns prove accurate will depend largely on the conditions agreed on in exchange for Iraqi cooperation. But Byman does not address some fundamental dynamics that bear directly on the future of inspection work in Iraq.

First, the overall debate on Iraq, including within the Security Council, concerns much more than nonproliferation. The priority attached to nonproliferation appears to have diminished greatly since 1991, when the original cease-fire resolution required the disarmament of weapons of mass destruction (WMD). Ironically, the success of the U.N. Special Commission (UNSCOM) in accounting for a large portion of Iraqi weapons has diminished some people's concern over what weapons remain. Other issues are more prominent, such as the legitimacy and effectiveness of sanctions, the fate of the general Iraqi population, oil prices, the efficacy of the Security Council, domestic politics, and U.S. dominance in the Security Council.

Second, the disarmament obligations of the Security Council resolutions that created UNSCOM—and now the U.N. Monitoring, Verification, and Inspection Commission (UNMOVIC)—bear resemblance to the disarmament portion of the 1919 Versailles Treaty ending World War I. There is a striking similarity between the creation, implementation, and ultimate demise of the two respective organs charged with monitoring and disarmament—the Inter-Allied Control Commissions for the Versailles Treaty and UNSCOM for the Gulf War cease-fire Resolution 687.

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A third factor is the diminished strength of both the carrots and the sticks intended to shape Iraqi behavior. The threat of major military action is no longer plausible, given current Security Council politics. By the same token, the prospect of Iraq's gaining unfettered use of its oil revenues is also not probable. Yet WMD capability is extremely important to Iraq. Chemical munitions played a major role in countering the Iranian "human wave" attacks toward the end of the Iran-Iraq War, and Iraq could well believe that its chemical and biological weapons capabilities may have deterred the coalition from going all the way to Baghdad in 1991.

Fourth, the objectives of Security Council members have been diverging since 1991. In August 1990, there was a strong consensus to impose sanctions and the embargo linked to Iraq's withdrawal from Kuwait. There was still a consensus after the war to link the embargo to WMD disarmament and monitoring. But over time, the objectives of individual council members have evolved while those of Iraq have remained largely unchanged. The long negotiation to achieve a new Security Council resolution on Iraq reflects this evolution—and the final version straddles many divergent trends and defers some key issues, such as the matter of continuing controls over Iraqi oil revenues at a time when sanctions may be suspended.

It is likely that UNMOVIC will be able to do no more than the Security Council will support and Iraq will permit. In the year since UNSCOM left Iraq, the Security Council has not changed Iraq's behavior, but it has changed the organization charged with monitoring and disarmament.

CHARLES DUELFER
Former Deputy Chair, UNSCOM

BAG THE GAG RULE

To the Editor:

Michael Hirsh reveals his bias when he blithely categorizes concern for the United Nations as somehow antithetical to women's concerns ("The Fall Guy," November/December 1999). For instance, Hirsh simplistically writes, "Many observers believe Clinton could have compromised much earlier [in paying back dues to the U.N.] had he been less beholden to women voters—and more concerned about the United Nations."

This statement belies a dismissive attitude toward a most serious foreign-policy issue: universal human rights, which of course includes women's rights. For more than 50 years, the U.N. has been a touchstone for freedom and equality. Unfortunately, the Clinton "compromise" that Hirsh describes undermines both principles in its suppression of democratic debate and its denial of important health services to women worldwide.

The Foreign Appropriations bill of the 106th Congress allows the United States to pay nearly $1 billion in arrears to the U.N. on the condition that punitive restrictions be placed on U.S. aid to foreign family-planning programs. Clinton accepted a legislative prohibition on the use of U.S. funds for any foreign nongovernmental organizations that use their own money to perform abortions or to lobby their governments to improve abortion laws. The president was then allowed to partially waive the restriction in exchange for losing 3 percent of the $385 million international family-planning budget. This waiver triggered a $12.5 million cut from family-planning programs; of the remaining $372.5 million, only

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$15 million can be given to foreign groups that perform legal abortions or participate in lobbying activities on abortion.

The practice of hampering overseas organizations that engage in discussions of abortion is called "the global gag rule" for good reason. Congress penalizes foreign groups that provide essential (and legal) medical procedures, participate in the democratic process, and exercise free speech rights—activities that would be protected by the First Amendment if carried out in the United States. In India, for example, where unsafe abortions are a principal cause of maternal mortality, organizations receiving any U.S. funds would be prohibited from using their own money to advise their government on measures that could help prevent these deaths.

By fighting the gag rule, the Clinton administration had been going much further than being responsive to women voters. It had advanced a fundamental precept of the U.N. itself—the protection of human rights for all. Ultimately, there will be a very high price to pay in terms of women's lives and health.

JANET BENSHOOF
President, Center for Reproductive Law and Policy

NEW AND IMPROVED

To the Editor:

Leonard Thompson has correctly described the many challenges facing South Africa ("Mbeki's Uphill Challenge," November/December 1999). But his overall tone belies some positive aspects that, if considered, would provide a different perspective. Most disturbing is his assertion that corruption has grown since the advent of majority rule.

South Africa experienced some extraordinary corruption during the apartheid era. Several major scandals—involving hundreds of millions of rand—became public in just the last several years of National Party rule. The government's long history of favoritism and kickbacks was hidden behind a system of nontransparency, a parliament controlled by the ruling party, and a generally authoritarian regime. The corruption that Thompson describes in the former homelands was fostered by a system of financial bribes and hidden subsidies designed to prop up homeland leaders in the apartheid era.

Moreover, the apartheid government encouraged parastatals and private companies to engage in illegal activity as a patriotic duty to bypass the sanctions imposed on South Africa for more than a decade. It was because so many leading South African industrialists were involved in the illegal activities of South African arms dealers that the resolution of the U.S. Justice Department's case against these dealers became such a contentious political issue. If there is a trend in corruption, it began much earlier. One official told me during the negotiations for majority rule that corruption had increased substantially during recent years as white civil servants sought to benefit before majority rule took over.

This does not mean that black officials have not engaged in corruption, nor that corruption is not a serious problem today. But as Thompson himself acknowledged, the current regime inherited a system in which corruption thrived. Moreover, it thrived without today's constitutionally protected auditor-general and an active parliament to uncover these misdeeds. In the early 1990s, many visitors to South

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Africa were warned to remember the corruption of the white-led years when new stories of corruption emerged later. This was done precisely to avoid the unfortunate inference, which Thompson makes, that blacks in Africa will almost inevitably lead their countries to ruin. Earlier South African experiences should have taught us that corruption is an equal-opportunity phenomenon.

Black South Africans have demonstrated enormous patience and understanding at the slow pace by which economic equalities and opportunities have emerged. The African National Congress, with its conservative, future-oriented economic policies, received more votes in 1999 than in 1994. Today the Johannesburg suburbs enjoy bursts of new construction projects, and projections for economic growth this year remain optimistic. None of this takes away from the problems Thompson describes. But it confirms that Thompson's is not the whole picture.

PRINCETON N. LYMAN

Senior Fellow, United States Institute of Peace, and U.S. Ambassador to South Africa, 1992–95

WAY OUT THERE

To the Editor:

In his review of *Way Out There in the Blue: Reagan, Star Wars and the End of the Cold War,* David Greenberg expounds his own views on why the Cold War ended and on the merits of the national missile-defense program ("The Empire Strikes Out," March/April 2000). However, as a reviewer he might have noted that my book is not about either of these subjects. It is instead about the Reagan administration and the way in which U.S.-Soviet policy in that period of the Cold War was shaped by domestic concerns and American history.

To the extent that Greenberg discusses my book, he gets everything backward. For example, he states that I portray Ronald Reagan as an "inept simpleton ... [who] lived in a celluloid dream-world ... in thrall to his fantasies," when in fact I go to some pains throughout the book to show that Reagan was no simpleton and no fantasist—he was a man with extraordinary political skills and a deep understanding of the American mind. Regarding the Geneva summit, Greenberg complains that I do not understand that the "perception of progress warmed the atmosphere between the superpowers." In fact, that is my thesis—and the theme of the last three chapters of the book.

Ronald Reagan was a master when it came to creating public perceptions. That is what interested me about him in the first place. But he had nothing to do with the formulation of policy. He had virtually no interest in policy—as the memoirs of George Shultz and the testimony of many other of his officials show.

Greenberg to the contrary, the Gorbachev regime and the Reagan administration (dominated as it was by hard-liners), were very far apart at the Geneva, Reykjavik, and Washington summits. In all these cases—and I would include the Moscow summit, too—President Reagan managed to turn potential disasters into public relations triumphs in the United States. Those triumphs diffused U.S.-Soviet tensions and allowed Gorbachev the space to carry out his reforms.

FRANCES FITZGERALD

New York, New York

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ECONOMIC WAR AGAINST RUSSIA?

To the Editor:

Lee S. Wolosky ("Putin's Plutocrat Problem," March/April 2000) is misguided in his analysis of contemporary Russian economics and politics, and his policy recommendations would damage American, as well as Russian, interests. He expounds the simplistic notion that a small group of businessmen, myself among them, dominates Russia's economics and politics. He asserts that members of this supposed group—some of them, like me, heads of oil companies—stand in the way of Russia's transition to markets and democracy. To the group, he attributes fraud, misappropriation, malfeasance, and larceny, and he finds this threatens American values, jeopardizes Western oil supplies, and puts international peace and security at risk.

Wolosky recommends that the West should treat the so-called plutocrats as pariahs, refuse to do business with them, deny them visas, and pressure the Russian government to renationalize their oil companies and reprivatize them to, presumably, more worthy individuals.

He effectively is calling for the United States to wage economic war against Russian businesses at a time when the political relationship between the two countries remains strained and is at a delicate juncture. Moreover, policy based on Wolosky's recommendations runs a very serious risk of discouraging real investors pursuing significant opportunities in Russia that are good for the West and good for Russia.

MIKHAIL B. KHODORKOVSKY
Chairman, Yukos Oil Company

ERRATUM

In our last issue, we misspelled the given name of the late G. Federico Mancini. Our sincere apologies.

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